



རྒྱལ་གཞུང་ཕྱི་སློབ་ཤིང་འཛིན། ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



RAA/AG-SP/03/2023-24/ 065

Date: 01/04/2024

The Hon'ble Speaker
National Assembly of Bhutan
Gyalyong Tshokhang
Thimphu.

Subject: Review Reports of Annual Audit Reports 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 2018, 2019 and 2020

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 Review Report of Annual Audit Reports 2010-2020.

These reports have been finalized giving due considerations to the actions taken by the agencies as of 29 February 2024 based on the consultation meetings conducted by the Public Accounts Committee and numerous follow-up carried out by the Royal Audit Authority at various levels.

Out of the total unresolved irregularities of Nu. 15,540.17 million reported in the Annual Audit Reports issued for the year from 2010 to 2020; irregularities aggregating to Nu.12,715.81million were resolved as of 29 Feb. 2024 leaving a balance of Nu. 2,824.36 million as summarized in the table below and detailed attached in the Review Reports.

Sl. No.	Particulars	Total significant irregularities reported in the AARs (Nu. M)	Total irregularities resolved as of 29 Feb. 2024 (Nu. M)	Irregularities resolved during the period 31/03/2023-29/02/2024 (Nu. M)	Balance irregularities as on 29/02/2024 (Nu. M)	Percentage of irregularities resolved as on 29/02/2024
1	AAR 2010	681.59	681.48	-	0.11	99.984
2	AAR 2011	770.14	770.14	-	-	100
3	AAR 2012	91.01	90.89	10.62	0.12	99.868
4	AAR 2013	261.46	260.03	2.16	1.43	99.453
5	AAR 2014	634.31	621.57	3.12	12.74	97.992
6	AAR 2015	523.74	472.99	3.04	50.75	90.310
7	AAR 2016	1,958.85	1,940.41	4.84	18.44	99.059
8	AAR 2017	4,309.76	4,259.73	3.60	50.03	98.839
9	AAR 2018	2,376.31	1,255.98	14.09	1,120.33	52.854
10	AAR 2019	1,795.78	1,231.46	315.25	564.32	68.575
11	AAR 2020	2,137.22	1,131.13	206.31	1,006.09	52.925
	Total	15,540.17	12,715.81	563.03	2,824.36	81.825

We are happy to report that almost 82% of the outstanding irregularities from 2010 to 2020 have remained resolved and balance 18% mostly pertains to issues related to missing persons, court cases and those under investigations. In addition to the follow up process undertaken by the Hon'ble Members of the PAC, I have personally undertaken the follow up process by visiting all the 20 Dzongkhags and those agencies with highest number of outstanding irregularities. The process is still being continued.

"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

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ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



Looking forward to Your Excellency's continued support and cooperation.

Yours respectfully,

(Tashi)

Auditor General of Bhutan

Copy to:

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

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REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2010

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2010

The Royal Audit Authority had submitted the review report of Annual Audit Report 2010 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had unsettled irregularities of Nu.0.105 million. The RAA had conducted the follow-ups in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and the same remain unresolved as of 29 Feb. 2024 as summarized in the table below.

Table: Showing agency wise unsettled irregularities as on 29 Feb. 2024.

Sl. No.	Agency	Unsettled irregularities reported to Parliamentas on 31/03/2023 (Nu. in million)	Total amount settled (Nu. in million)	Balance as on 29/02/2024 (Nu. in million)	% settled
1	Dzongkhags	0.105	-	0.105	-
	Total	0.105	-	0.105	

The details of the balances are as given below.

PART-II: DETAIL REVIEW REPORT

1. DZONGKHAGS

1.1 Samtse Dzongkhag

The Dzongkhag Administration, Samtse had unsettled irregularity of Nu.0.105 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to Parliament as on 31/03/2023 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 29/02/2024 (Nu. in million)	% settled
1	Shortfalls, Lapses & Deficiencies	0.105	-	0.105	-
	Total	0.105	-	0.105	-

The detailed status of the unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

1.1 Outstanding Advances - Nu. 0.105 million

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

Status: *Observation not settled. As per the decision of the Public Accounts Committee consultative meeting held at Samtse from 30/09/19 – 2/10/19, it was decided to adjust from his (Mr. Dago Tshering, Ex-LRO of Samtse Dzongkhag) unclaimed NPPF contribution as he was compulsorily retired from service without benefits. It was further reported that the Dzongkhag Administration had discussed the matter with Dago Tshering, Ex-LRO, and did not agree for the refund, thus the issue remained unresolved as of 31 March 2024 as no response was received.*

The National Pension & Provident Fund, Thimphu has expressed their inability to make the adjustment as they can only process such adjustments based on the complete claim documents as prescribed by the respective member Mr. Dago Tshering. The management was recommended to explore possibility of recovering the amount from gratuity, else, to initiate legal action.

The RAA had made several follow up efforts vide follow up letter. No. RAA/OAAG-Pling/Samtse-Dzo-B1/2023/44 dated 23/01/2023 and letter No. RAA/OAAG-Pling/Samtse-Dzo-B1/2023/413 dated 11/08/2023



REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2011

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2011

The Royal Audit Authority had submitted the review report of Annual Audit Report 2011 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had one unsettled irregularity from Phuentsholing Gewog Administration. The RAA had conducted follow-ups in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and the observation was finally resolved as explained in the report below:

Table: *Showing agency-wise unsettled irregularities as on 29 Feb. 2024.*

Sl. No.	Agency	Unsettled irregularities reported to Parliament as on 31/03/2023 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 29/02/2024 (Nu. in million)	% settled
1	Gewog-Phuentsholing	-	-	-	100
	Total Budgetary Agencies	-	-	-	-

The detailed review report of the issue is given below.

PART-II: DETAIL REVIEW REPORT

2. GEWOG ADMINISTRATIONS

2.1 Gewogs under Chukha Dzongkhag

1. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had one unsettled irregularity under shortfall, lapses and deficiencies reported to the Parliament in April 2023 as summarized below.

Sl. No.	Category	Unsettled irregularities reported to Parliament as on 31/03/2023 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 29/02/2024 (Nu. in million)	% settled
2	Shortfall, lapses & deficiencies	-	-	-	100
	Total	-	-	-	-

The irregularity has now been settled as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1 Irregular Advance Payment and Incomplete ORC construction

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

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

RAA reported that the Gewog Administration had paid advances to the contractor for the construction of 20 seating capacity Outreach Clinic at Panbari, which was not as per rules.

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

The PAC directed the Gewog Administration to submit a report to RAA about the recovery of the amount from the contractor in accordance the judgment passed by the Court on 31 December 2013 and approach the Court for the enforcement of the judgment by 30 April 2022.

However, the Gewog Administration reported that the contractor was expired and had submitted death-related documents for necessary actions. The issue was deliberated in the Advisory Committee Meeting of the RAA held on 08/11/2023 and decided to resolve the issue based on the situation highlighted by the Gewog Administration.



REVIEW STATUS RPORT OF ANNUAL AUDIT REPORT 2012

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2012

The Royal Audit Authority had submitted the review report of Annual Audit Report 2012 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had significant unsettled irregularities of Nu.10.740 million. The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently Nu. 10.618 million was settled leaving a balance of Nu. 0.122 million as on 29 Feb. 2024 as shown in table below.

Table: Showing agency wise irregularities settled and balances as on **29 Feb. 2024**.

Sl. No.	Agency	Irregularities reported to Parliament as on 31/03/2023 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 29/032024 (Nu. in million)	% settled
1	Ministries	10.618	10.618	-	100
2	Gewogs	0.122	-	0.122	-
	Total (1 to 2)	10.740	10.618	0.122	99

As transpired from table above, the Budgetary Agencies had settled irregularities of Nu.10.618 million. The detailed review report of the issues is given below.

PART- II: DETAIL REVIEW REPORT

1 MINISTRIES

1.1 Ministry of Education

The Ministry of Education had an unresolved irregularity of Nu.10.618 million (status as on 31 March 2023) reported to Parliament in April 2023. The amount has been treated as settled based on the decision of the Advisory Committee of the RAA as the verdict has been already passed by the Royal Court of Justice as explained below:

Sl. No.	Agency	Irregularities reported to Parliament as on 31/03/2023 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 29/02/2024 (Nu. in million)	% settled
1	Ministries	10.618	10.618	-	100
	Total	10.618	10.618	-	100

The detailed status of irregularity which has been treated as on 29 Feb. 2024 is as discussed below:

1 Shortfalls, Lapses and Deficiencies

1.1 Outstanding advances – Nu. 10.318 million

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

Status: Observation not settled. The unsettled long overdue advance pertained to M/s. Druk Sherig Construction. The issue was prosecuted in Thimphu Dzongkhag Court by the Ministry of Education and finally the Dzongkhag Court had issued a verdict against the case vide Verdict No. Thimphu/2019-1768 dated 30/10/2019 wherein Pema Namgyal the son of the proprietor of the company has been ordered to pay the amount of Nu. 10,618,446.46 to the Ministry within six month from the date of the judgement i.e. 30 Oct. 2019. However, the amount had not been paid as on 31 Aug. 2021.

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

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

After such follow-up by the Ministry, out of Nu.10,618,446.46 to be restituted as per the court verdict; Nu.400,000/- only was recovered as of 12/02/2024 (Nu.300,000/- vide Rt. No. RAA/TH/2022/294 dated 16/06/2022; Nu.50,000/- vide Rt. No. RAA/TH/2024/162 dated 1/2/24 and Nu.50,000/- vide Rt. No. RAA/TH/2024/163 dated 1/2/24) leaving a

balance of Nu.10,218,446.46 as of 12/2/2024. The balance Nu.10,218,446.46 has been transferred to Pema Namgyel (CID.11410008901) (Druk Sheris proprietor's son upon demise of the proprietor). Then the observation was resolved from the AAR based on the decision of the Advisory Committee that it is not logical to keep showing the case unresolved even after the pronouncement of the verdict by the Royal Court of Justice. However, the issue has been kept separately in the record of the RAA for future reference although it has been treated as resolved in the AAR Review Report.

2. GEWOGS

2.1 Gewogs under Chukha Dzongkhag

Logchina Gewog

The Gewog Administration, Logchina had an unsettled irregularity amounting to Nu.0.122 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remain unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to Parliament as on 31/03/2023 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 29/02/2024 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.122	-	0.122	-
	Total	0.122	-	0.122	-

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

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

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

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

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

The PAC directed the Gewog Administration to follow up with CDB by 31 April 2022 to check the work status of the contractor and recover the amount accordingly.

However, the issue remained unresolved as of 29 Feb. 2024 despite several reminders made through call to Yonten Norbu and no response received from the Gewog Administration.



REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2013

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2013

The Royal Audit Authority had submitted the review report of Annual Audit Report 2013 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had significant unsettled irregularities of Nu.3.589 million as at 31 March 2023. The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and Nu.2.157 million was recovered leaving a balance of Nu.1.432 million as of 29 Feb. 2024.

The agency wise unsettled irregularities reported to the Parliament in April 2023, irregularities settled thereafter and remaining unresolved as of 29 Feb. 2024 are shown in the table below.

Table: Showing agency-wise unsettled irregularities as on 29 Feb. 2024.

Sl. No.	Agencies	Irregularities reported to Parliament as on 31/03/2023 (Nu. In million)	Amount settled (Nu. In million)	Balance as on 29/02/2024 (Nu. In million)	% settled
1	Ministries	0.266	-	0.266	-
2	Dzongkhags	2.970	1.804	1.166	60.74
3	Gewogs	0.353	0.353	-	100
Total Budgetary Agencies		3.589	2.157	1.432	60.10

The detailed report of irregularities settled and unsettled ones are given below.

PART-II: DETAILED REVIEW REPORT

1. MINISTRIES

1. Ministry of Foreign Affairs

The Ministry of Foreign Affairs had one unsettled irregularity of Nu.0.266 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Agencies	Irregularities reported to Parliament as on 31/03/2023 (Nu. In million)	Amount settled	Balance as on 29/02/2024	% settled
1	Shortfalls, lapses and deficiencies	0.266	-	0.266	-
Total		0.266	-	0.266	-

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

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

Status: Observation not settled.

The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant had appealed to the Larger Bench of the High Court and the verdict was awaited.

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

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

The pending observations against Chenda Tobgay was discussed in the 57th Advisory Committee Meeting held on 30th Dec. 2022. Chenda Tobgay has been convicted for 9 years & 8 days for 12 counts of embezzlement and 13 counts of official misconduct as per the judgement, further he had restituted Nu.6,525,511.70 out of Nu.17,416,644.44 leaving a balance of Nu.10,891,134.74. The committee decided to retain three observations against Chenda Tobgay from AIN 11286 and 10563 till the completion of restitution of the balance amount and close 10 observations from AIN 8510, 9764.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobgay from NPPF as authorised by him. As such the case remained unresolved as of 29 February 2024.

DZONGKHAGS

1. Dzongkhag Administration, Pemagatshel

The Dzongkhag Administration, Pemagatshel had one unsettled irregularity of Nu.2.970 million (status as on 31 March 2022) reported to the Parliament in April 2023 out of which Nu.1.804 million has been settled leaving a balance of Nu.1.166 million as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 29/02/2024	% settled
1	Shortfalls, lapses and deficiencies	2.970	1.804	1.166	-
	Total	2.970	1.804	1.166	-

The detailed status of irregularity reported to the Parliament in April 2023, irregularities settled and the balance as on 29 Feb. 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 1.166 million

1.1 Non recovery of advances and penalties – Nu. 1.166 million

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

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

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

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

Subsequently the Dzongkhag Administration, Pemagatshel Dzongkhag has re-appealed to Dzongkhag Court, Pemagatshel vide letter No. Peltshel/ThrimthenYigtshang-03/2021-22/ dated 17/08/2021 to verify the properties belonging to Ugyen Dorji Construction, Contractor. The property verification order from the Dzongkhag court is yet to be furnished to RAA. A reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-02)Dz-PGATSHEL/2022-2023/333 dated 08/02/2023, however, no response received as of 31 March 2023.

The Dzongkhag Administration with accord of arrest warrant finally able to track contractor and on 14.03.2023, he was ordered to reinstitute Nu. 2,970,046.31 within 14.09.2023 by the Dzongkhag court. However, as of date only Nu.1,804,000 has been recovered and balance recoverable amount of Nu. 1,166,046.31 is still pending.

1. Gewogs under Tsirang Dzongkhag

Gosarling Gewog

The Gewog Administration, Gosarling had unsettled irregularity of Nu. 0.353 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularity has been settled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% settled
1	Shortfalls, lapses and deficiencies	0.353	0.353	-	100
	Total	0.353	0.353	-	100

The detailed status of irregularity reported to the Parliament in April 2023 which got resolved as of 29 Feb.2024 is as discussed below:

1. Shortfalls. Lapses and Deficiencies

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

Status: Observation settled.

As per the PAC consultative meeting held at Gelephu from 08 to 10/08/19, the Dzongkhag Administration Tsirang was directed to conduct joint physical verification/re-measurement with RAA and outcome intimated. However, it is now informed that the case will be forwarded to Dzongkhag Court, Tsirang.

The issue was redeliberated during the PAC consultative meeting held on 9 Aug. 2021 in PDC, RAA Tsirang where Thrizin reported that they had followed up with the engineer, but no positive response was received from him. The Dzongkhag Administration then sought legal recourse to resolve this issue. Due to lack of legal officer in Tsirang Dzongkhag Adm., the case was forwarded to Office of Attorney General on 27 April 2020 along with two other cases that were pending in Dzongkhag Administration.

Subsequently, the case was registered in the Dzongkhag Court Tsirang and the court passed a verdict on 13/06/2022 in favor Dzongkhag Administration and ordered the site Engineer Birendra Giri to restitute Nu. 761,969.01 within 13/10/2022. The amount was recovered and the observation is now settled.



REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2014

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2014

The Royal Audit Authority had submitted the review report of Annual Audit Report 2014 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had significant unsettled irregularities of Nu.15.852 million. The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, Nu.3.117 million had been settled leaving a balance of Nu. 12.735 million unsettled as on 29 Feb. 2024 as shown in the table below:

Table: Showing agency wise irregularities settled and balances as on 29 Feb. 2024.

Sl. No.	Agencies	Irregularities reported to Parliament on 31/03/2023	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	% Settled
1	Dzongkhags	12.735	-	12.735	-
2	Gewogs	-	-	-	-
Total Budgetary Agencies - A		12.735	-	12.735	-
3	Corporations and Financial Institutions	3.117	3.117	-	100
Total Non-Budgetary Agencies - B		3.117	3.117	-	-
Grand Total - C (A + B)		15.852	3.117	12.735	19.66

As transpired from the table above, the Budgetary Agencies had not settled any irregularities, however, Non-Budgetary Agencies had not settled irregularities of Nu.3.117 million as of 29 Feb. 2024. The detailed report is given below.

PART-II: DETAILED REVIEW REPORT

4.2 DZONGKHAGS

4.2.1 Dzongkhag Administration, Sarpang

The Dzongkhag Administration, Sarpang had total unsettled irregularities of Nu.12.671 million (status as on 31 March 2023) reported to the Parliament in April 2023. The same remained unsettled as on 29 Feb.2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliamentas on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	% Settled
1	Fraud, Corruption & Embezzlement	10.637		10.637	-
2	Violation of Laws & Rules	0.696		0.696	-
3	Shortfalls, lapses and deficiencies	1.338	-	1.338	-
	Total	12.671	-	12.671	-

The detailed status of irregularities reported to the Parliament in April 2022, which remained unsettled as on 29 Feb.2024 is as discussed below:

1. Fraud, Corruption and Embezzlement – 10.637 million

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

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

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

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

- An amount of Nu. 4.004 million (75% of 5.339 million) were reported as paid to Cheytrim, declaring him as the nephew of late Dezag Chhoka. However, the directive to pay the amount was not on record.

In absence of legitimate documents supporting the expenditure, the advance availed by Administrative Assistant had remained unaccounted and unadjusted in the books of accounts. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 1 & 3 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119)

Status: Observation not settled. The defendants had appealed to the High Court after the verdict of Sarpang Dzongkhag Court. Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable) and Sonam Norbu to three years non-compoundable.

The defendants had appealed to the Supreme Court and the Supreme Court passed a verdict on 28/04/2022 upholding the verdict of the Larger Bench on the repatriation of funds from Gangtok. Pema Wangdi was convicted for 19 years and Thrimthue payable was Nu.495, 000/- (11 years) and 8 years (non thrimthuable) for forgery & bribery and ordered the total restitution of Nu. 5,566,138.00.

Based on the verdict, the 57th Advisory Committee of the RAA decided to settle 20 other observations under AIN.12304 and retain this observation against Pema Wangdi until the total restitution of Nu. 5,566,138/- as per the verdict.

2 Violation of Laws and Rules – Nu. 0.696 million

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

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

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

The case has remained unresolved as no further developments have been reported as of 29 Feb. 2024. A reminder was sent for judgment enforcement vide letter No. RAA/DAG/02/2021-2022/1453 dated 25/08/2022.

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

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

The case has remained unresolved as no further developments have been reported as of 29 Feb. 2024.

3 Shortfalls, Lapses and Deficiencies – Nu. 1.338 million

3.1 Non-recovery of advances – Nu. 1.338 million

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

Status: Observation not settled. Out of Nu.1.032 million; Nu.0.091 million was adjusted vide letter No. SD/Acct-25/2014-2015/2558 dated 28/10/2014 leaving a balance of Nu.0.941 million. The balance remained unrecovered as of 29 Feb. 2024.

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

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

The case has remained unresolved as no further developments have been reported as of 29 Feb. 2024.

4.2.2 Dzongkhag Administration, Chhukha

The Dzongkhag Administration Chhukha had unsettled irregularities of Nu.0.064 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	% Settled
1	Violation of Laws & Rules	-		-	-
2	Shortfalls, lapses and deficiencies	0.064	-	0.064	-
	Total	0.064	-	0.064	-

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

1. Violation of Laws and Rules

1.1 Non-deduction of rebate

The Dungkhag Administration, Phuentsholing, had not deducted 5% rebate of Nu. 0.384 million from the final bill in the construction works at Shinchula & Tashilakha. (AIN 12144; Observation 3;

Accountabilities: Direct: Thinley Penjor, Municipal Engineer, EID No. 201001177; Supervisory: Tshering Chopel, DE, EID No. 8808013).

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

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

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

The issue remained unresolved as the 24% penalty amounting to Nu. 52,558.53 remained unrecovered as of 29 Feb. 2024.

2. Shortfalls, Lapses and Deficiencies – Nu. 0.064 million

2.1 Excess payments – Nu. 0.064

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

Status: *Observation not settled.*

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

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

As per the clarification obtained later from the OAAG Phuentsholing accountable amount against Chura Muni Bhattraai was Nu. 158,599/-; out of which Nu.101, 648/- was deposited vide receipt No.240599 dated 28/8/2014, leaving a balance amount of Nu.56, 951/-. The Chhukha Dzongkhag later register the case in the court (against Om Tshering Lepcha, contractor) for recovering the balance amount along with 24% pa penalty till the date of the registration of the case which amounted to Nu.145,216.05. From the recoverable amount of Nu.145, 216.05; Nu.140, 000/- was deposited vide receipt No.01985 dated 18/1/2023; Rt. No. 01990 dated 14/02/2023 and Rt. No. 01997 dated 14/3/2023. The balance amount of Nu.5, 216.05 remained un-deposited. Another amount of Nu.58, 543.78 against Yonten Norbu also remained unrecovered as of 29 Feb. 2024 which needs to be recovered along with 24% pa penal interest. Therefore, a total amount of Nu. 63,759.83 (Nu.5, 216.05 + Nu.58, 543.78) still remained unsettled as of 29 Feb. 2024.

4.3 GEWOGS

1. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had one unsettled irregularities reported to the Parliament in April 2022. It remained unsettled as the accumulated 24% p.a. penalty was not deposited as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

1. Mismanagement

1.1 Non-deposit & non-collection of rural taxes

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

Status: Observation not unsettled. Although the principal amount of Nu. 44,919.25 was recovered and deposited vide receipt No. 01872 dated 19/11/2021, the observation remained unresolved as the accumulated 24% penalty amounting to Nu.78,654.22 was not deposited as of 29 Feb. 2024.

4.5 CORPORATIONS

4.5.4 Food Corporation of Bhutan Limited

FCBL had unsettled irregularities of Nu.3.117 million (status as on 31 March 2023) reported to the Parliament in April 2023. The same got resolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	% Settled
2	Shortfalls, lapses and deficiencies	3.117	3.117	-	100
	Total	3.117	3.117	-	-

The detailed status of irregularities reported to the Parliament in April 2023 which was resolved as on 29 Feb. 2024 is as discussed below:

1. Shortfall, lapses and deficiencies

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

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

Status: Observation settled.

After investigation by the ACC, the case was forwarded to the Office of the Attorney General for prosecution as per the letter No.ACC/DoI-III/Case-09/2013/574 dated 19/7/2016. During the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the FCBL was directed to submit the decision of the Court to RAA and PAC as soon as the verdict is delivered. Verdict awaited as of Sept 2021.

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

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

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

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

As per the latest follow-up report issued vide letter No.RAA/OAAG-Pling/FCBL-C34/2022/402 dated 20/10/2022, the High Court's verdict is awaited in the RAA.

Based on the 10th bilateral meeting held on 01/08/2023, the observation is treated as settled. The meeting minutes states that since the Audit findings clearly indicate that payment for the consignment was made only once, even though the same consignment was mistakenly entered into the system twice. The finding further reveals no misappropriation or any reimbursement to be made to the agency by Mr. Champay Dukpa. The WCM also found that the Supreme Court's two year verdict against Mr. Champay Dukpa pertains to Sugar-related case and has no relation with the case associated with non-accountal of 30 metric tons of 551 rice. Therefore, the working committee recommended to close the case.



REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2015

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2015

The Royal Audit Authority had submitted the review report of Annual Audit Report 2015 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had significant unsettled irregularities of Nu. 53.794 million. The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, Nu.3.198 million was settled leaving an unsettled balance of Nu.50.596 million as on 29 Feb. 2024 as shown in the table below:

Table: Showing agency wise irregularities settled and balances as on 29 Feb. 2024.

SI No.	Agencies	Irregularities reported to Parliament in 31/03/2023	Amount settled (Nu. In million)	Balance as on 29/02/2024 (Nu. In million)	Amount settled %
1	Ministries	9.738	1.594	8.144	16.37
2	Dzongkhags	0.331	-	0.331	-
3	Gewogs	0.083	-	0.083	-
4	Autonomous Bodies	20.428	-	20.428	-
Total Budgetary Agencies - A (1 to 4)		30.580	1.594	28.986	5.21
5	Corporations and Financial Institutions	23.214	1.604	21.610	6.91
Non-Budgetary Agencies - B		23.214	1.604	21.610	6.91
Grand Total - (A + B)		53.794	3.198	50.596	5.94

As transpired from table above, the Budgetary Agencies had settled irregularities of Nu.1.594 million leaving a balance of Nu.28.986 million. With respect to Non Budgetary Agencies, the irregularities of Nu.1.604 million was settled during the period, leaving a balance of Nu.21.610 million. The detailed report is given below.

PART - II: DETAILED REVIEW REPORT

4.1 MINISTRIES

4.1.1 Ministry of Information & Communications

The Ministry of Information & Communications had two unsettled irregularities under fraud, corruption and embezzlement reported to the Parliament in April 2023. The irregularities remained unsettled as of 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
	Total	-	-	-	

The detailed status of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

1. Fraud, Corruption & Embezzlement

1.1 Disbursements not supported by documents indicating unauthorized and fictitious payments

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

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

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

However, as the Ministry did not report any course of further action taken report to the RAA as of 29 Feb. 2024 the issue remained status quo.

1.2 Accrued penalty on the misuse of government funds

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

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

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

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

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

However, as the Ministry did not report any course of further action taken report to the RAA as of 29 Feb. 2024 the issue remained status quo.

4.1.2 Ministry of Agriculture and Forests

The Ministry of Agriculture and Forests had unsettled irregularity of Nu.3.080 million (status as on 31 March 2023) reported to the Parliament in April 2023, out of which Nu.1.594 million was settled leaving a balance of Nu.1.486 million as on 29 Feb. 2024 as shown below:

Sl. No.	Observation Category	Irregularities reported to Parliament 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Violation of Laws and Rules	3.080	1.594	1.486	51.75
	Total	3.080	1.594	1.486	51.75

The detailed status of unsettled irregularity reported to the Parliament in April 2023; irregularity settled thereafter and the unsettled balance as on 29 Feb. 2024 is as discussed below:

1. Violation of Laws and Rules – Nu.1.486 million

1.1. Non-collection of Government Revenue – Nu.1.486 million

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

Status: Observation partially settled as out of Nu.3.080 million unsettled amount reported last review report, Nu.1.594 million has been settled leaving a balance of Nu.1.486 as of 29 Feb. 2024.

4.1.4 Ministry of Health

The Ministry of Health had total unsettled irregularities of Nu.6.658 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularities remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	Percentage settled
1	Fraud, Corruption & Embezzlement	5.602	-	5.602	-
2	Mismanagement	1.056	-	1.056	-
	Total	6.658	-	6.658	-

The details of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

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

1.1 Misuse of revenue collections through ‘teeming and lading’

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

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

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

However, JDWNRH did not report any further progress to the RAA as of 29 Feb. 2024. As such the case remained unresolved.

1.2 Embezzlement of Government Revenue - Nu.5.579 million

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

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

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

However, JDWNRH did not report any further progress to the RAA as of 29 Feb. 2024. As such the case remained unresolved.

- b) The Office Assistant acting as Accounts Assistant of the Jigme Dorji Wangchuck National Referral Hospital, Thimphu had embezzled government revenue of Nu.0.034 million by not accounting the revenue collection in the Revenue Cash Book. The case was forwarded to Anti-Corruption

Commission. (AIN: 12932; Observation 1.3; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

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

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

However, JDWNRH did not report any further progress to the RAA as of 29 Feb. 2024. As such the case remained unresolved.

1.3 Short-accountal of revenue - Nu.0.023 million

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

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

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

However, JDWNRH did not report any further progress to the RAA as of 29 Feb. 2024. As such the case remained unresolved.

2. Mismanagement – Nu.1.056 million

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

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

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the President of JDWNRH reported that the case

was forwarded to the Office of the Attorney General by the Anti-Corruption Commission. However, since the whereabouts of Kinzang Choden were unknown the case was returned to ACC by OAG. The Chairperson of ACC wrote to the Chief of Police seeking updates on the missing person, but the status remained the same. Hence, the case could not proceed further.

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

However, JDWNRH did not report any further progress to the RAA as of 29 Feb. 2024. As such the case remained unresolved.

DZONGKHAGS

4.2.1 Dzongkhag Administration, Monggar

The Dzongkhag Administration, Monggar had total unsettled irregularities of Nu.0.331 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularities remained unresolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Violation of Laws & Rules	-	-	-	-
2	Shortfalls, Lapses and Deficiencies	0.331	-	0.331	-
	Total	0.331	-	0.331	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

1. Violation of Laws & Rules

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

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

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

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

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

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

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

A reminder letter was issued vide Letter No. RAA/BT/Fus-01/2022/194 dated 30/12/2022 to the Dzongkhag Administration. However, no response has been received and the balance amount of Nu.2.220 million remained unsettled as of 29 Feb. 2024.

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

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

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

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

The case was re-deliberated during the PAC consultative meeting held on 3 Aug. 2021 in DYT hall of Trashigang Dzongkhag where Dzongkhag Adm. Monggar reported that Kinley Penjor was caught in Thimphu and was directed to refund the amount payable by him but he filed for bankruptcy. However, as per Bankruptcy Act of Bhutan 1999, he was declared as solvent by the civil bench. He then appealed before the High Court. The High Court upheld the judgement passed by the Dzongkhag Court. Further, he appealed before the larger bench. The case remained sub judice before the larger bench as of 3 Aug. 2021. The PAC advised the Dzongkhag to follow up with the court and report to RAA accordingly.

As per the verdict of the Mongar Courts verdict No. Thruenthoe No: Mongar-16-200/ dated 01/07/2016, the contractor has to deposit a sum of Nu.1,194,013.56 only to the Mongar Dzongkhag. However, the amount remained un-deposited as of 29 Feb. 2024.

Reminder letter was issued vide Letter No.RAA/BT/Fus-01/2022/194 dated 30/12/2022 to the Dzongkhag Administration. However, no response has been received and the issue remained unsettled as of 29 Feb. 2024.

4.3 GEWOGS

4.3.1 Gewogs under Chhukha Dzongkhag

I. Loggchina Gewog

The Gewog Administration, Loggchina had unsettled irregularity of Nu.0.033 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Shortfalls, lapses and deficiencies	0.033	-	0.033	-
	Total	0.033	-	0.033	-

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

1.1 Excess payment – Nu.0.033 million

The Gewog Administration had made an excess payment of Nu.0.107million for the electrification of ORCs, grinding mills and construction of boundary fencing at Gewog Office, due to non-deduction of 5% rebate and non-execution of some items of works at site. *(AIN: 12761; Observation 2; Accountabilities: Direct: Yonten Norbu, JE, EID No.200507210; Supervisory: Indra Lala Galley, Gup, CID No.20209000581).*

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

The observation remained unsettled as no further action taken for recovering the balance amount of Nu.0.033 million as of 29 Feb. 2024.

Gewogs under Trongsa Dzongkhag

1. Langthil Gewog

The Gewog Administration, Langthel had unsettled irregularity of Nu. 0.050 million (status as on 31 March 2023) reported to the Parliament in April 2023. The same remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Shortfalls, lapses and deficiencies	0.050	-	0.050	-
	Total	0.050	-	0.050	-

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 Feb. 2024 is as discussed below:

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

1.1 Outstanding advances – Nu.0.050 million

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

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

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

However, the observation remained unresolved as no further developments have been reported by the Gewog as of 29 Feb. 2024.

4.4. AUTONOMOUS AGENCIES

4.4.1 Royal University of Bhutan

The Royal University of Bhutan had unsettled irregularities of Nu.14.509 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularities remained unsettled as of 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
2	Violation of laws and rules	14.509	-	14.509	-
	Total	14.509	-	14.509	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

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

2.1 Non-renewal of performance guarantee

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

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

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

However, the case remained unsettled as no further developments were reported by the University as of 29 Feb. 2024.

2.2 Non-renewal of Bank Guarantee

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

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

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

However, the case remained unsettled as no further developments were reported by the University as of 29 Feb.2024.

2.3 Non-levy of liquidated damages Nu.14.509 million

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

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

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

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

However, the case remained unsettled as no further developments were reported by the University as of 29 Feb. 2024.

4.4.3 Election Commission of Bhutan

The Election Commission had total unsettled irregularity of Nu.5.235 million (as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as of 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Fraud, Corruption and Embezzlement	5.235	-	5.235	-
	Total	5.235	-	5.235	-

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

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

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

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

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of ECB reported that the Office of the Attorney General filed a case in Thimphu District Court and the Court sentenced the accountable person to

nine years imprisonment and directed him to restitute the embezzled amount. Further, OAG verified to restitute the amount from the accountable person's property but found out that no property was registered in his name. As of now, the accountable person is in police custody. Since the accountable person is not in a capacity to restitute the amount and no property is registered in his name from which the amount can be restituted, it is believed that the only option left is to appeal to the court for a value-based sentencing.

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

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

A Follow-up letter was sent to the Commission vide RAA/DAG/02/2021-2022/1558 dated 05/09/2022 referring to non-enforcement of judgement. In response, it was stated that the restitution amount of Nu. 5,096,209.00 could not be done as the convict is still serving prison terms and there is no source of income for restitution of the amount. As such, the observation remains unsettled as of 29 February 2024.

4.4.5 Gross National Happiness Commission

The Gross National Happiness Commission had unsettled irregularity of Nu.0.684 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unresolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2022 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Violations of laws and rules	0.684	-	0.684	-
	Total	0.684	-	0.684	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

1.1 Non-production of documents - Nu.0.684 million

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

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

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

It was decided that GNHC should follow up in resolving this issue.

A Follow-up Report was sent vide letter No. RAA/FUCD(W25-GNHC)2022/352 dated 01/04/2022, however, the issue remained unresolved as the balance amount remained unsettled as of 29 Feb. 2024.

4.5. CORPORATIONS

4.5.1 Food Corporation of Bhutan Limited

The FCBL had total unsettled significant irregularities of Nu.3.294 million (status as on 31 March 2023) reported to the Parliament in April 2022; out of which Nu.1.604 million was settled leaving a balance of Nu.1.690 million unsettled as of 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Fraud, Corruption and Embezzlement	1.746	0.056	1.690	3.21
2	Mismanagement	0.268	0.268	-	100
3	Violation of Laws and Rules	-	-	-	100
4	Shortfalls, Lapses and Deficiencies	1.280	1.280	-	100
	Total	3.294	1.604	1.690	48.69

The detailed status of irregularities reported to the Parliament in April 2023, irregularities settled thereafter and the unsettled ones as on 29 Feb. 2024 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.1.690 million

1.1 Stock and Cash shortage - Nu.1.690 million

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

FCBL management had charged the former Officiating Regional Manager in the Royal Court of Justice, Phuentsholing. As per the Court verdict the shortages of Nu.2,441million were to be refunded by the incumbent on or before 8/7/2014, of which Nu.1.175 million has been recovered. (AIN: 13105; Observation: 1, Accountabilities; Direct: Cheten Tshering, Bulk Manager cum Officiating Regional

Manager, Citizen ID No. 11514001614, Supervisory: Cheten Tshering, Bulk Manager cum Officiating Regional Manager, Citizen ID No. 11514001614).

Status: Observation not settled. Out of Nu.1.746 million, the management had recovered Nu.0.056 million leaving a balance of Nu.1.690 million. It was reported that management is still following up the recovery of balance amount of Nu. 1.690 million through the Phuntsholing Dungkhag Court. A follow-up reminder was sent vide letter No. OAAGSJ/FOLLOW-UP-01)FCBL-SJ/2022-2023/384 dated 10/03/2023.

2. Mismanagement

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

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

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

Status: Observation has been settled as the supplier was paid only once, and the rice was stated to be accounted for. Based on aforementioned reasons observation was resolved vide issue of follow-up letter No.RAA/OAAG-Pling/FCBL-C34/2023/460 dated 19.09.2023.

Moreover Pema Wangchuk was penalized by the FCB Disciplinary Committee as below

- To withhold two annual increments for year 2014 and 2015
- To withhold one gross bonus as and when declared.
- To withhold first short-term training opportunities offered.

3. Violation of Laws and Rules

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

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

Status: *Observation has been settled as the supplier was paid only once, and the rice was stated to be accounted for. Based on the above stated reasons observation was resolved vide issue of follow-up letter No.RAA/OAAG-Pling/FCBL-C34/2023/460 dated 19.09.2023.*

Moreover Pema Wangchuk was penalized by the FCB Disciplinary Committee as below

- *To withhold two annual increments for year 2014 and 2015*
- *To withhold one gross bonus as and when declared.*
- *To withhold first short-term training opportunities offered.*

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

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

The FCBL, Phuentsholing Depot had excess import of 492.345MT of rice as per the RRCO import declaration records. Upon cross verification of import declarations at RRCO, Phuentsholing vis-à-vis quantity of rice recorded in the FCBL rice purchase register, the account of imports were not found in the FCBL records. Hence, the genuineness of the import or short account could not be ascertained. (AIN: 13303; Observation: 7; Accountabilities: Direct: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493, Supervisory Accountability: Pema Wangchuk, Regional Manager, EID No. 910110, CID No. 10905004493).

Status: *Observation has been settled as the supplier was paid only once, and the rice was stated to be accounted for. Based on the above stated reasons observation was resolved vide issue of follow-up letter No.RAA/OAAG-Pling/FCBL-C34/2023/460 dated 19.09.2023.*

Moreover Pema Wangchuk was penalized by the FCB Disciplinary Committee as below

- *To withhold two annual increments for year 2014 and 2015*
- *To withhold one gross bonus as and when declared.*
- *To withhold first short-term training opportunities offered.*

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

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

Status: *Observation settled. The case was reported under review by the OAG.*

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

Dzongkhag Court, Chukha. At present the case has reached the judgement stage. As per the update received as of March 2023 it is being reported that the High Court's judgment is now being awaited.

The Verdict from the Supreme Court issued on 3/5/2023 does not held any of the concern accountable official guilty nor the ACC have charge sheeted the concern official(s), thereby indicating that the concern officials are not guilty. Therefore, the RAA had issued the follow up report vide No. RAA/OAAG-Pling/FCBL-C34/2023/540 dated 17.10.23 for not pursuing the matter further.

4.5.3 Natural Resources Development Corporation Limited

The Natural Resources Development Corporation Limited had total unsettled significant irregularities of Nu.0.657 million (status as on 31 March 2023) reported to the Parliament in April 2022. The irregularities remained unresolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Violation of Laws and Rules	0.237	-	0.237	-
2	Shortfalls, Lapses and	0.420	-	0.420	-
	Total	0.657	-	0.657	

The detailed status of irregularities reported to the Parliament in April 2022 which remained unsettled as on 29 Feb. 2024 are as discussed below:

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

1.1 Non- termination of the Contract after stoppage of works

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

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

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

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

The case remained unresolved as no further developments were reported to the RAA as of 29 Feb.2024. A follow-up reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-01) NRDCL-SJ/2022-2023/375 dated 10/03/2023.

As per the ATR response received vide letter No.NRDCL/ZHONG/AFU-18/2023/297 of 18/4/2023 despite the issuance of Supreme Court Verdict the contractor has failed to report to NRDCL office and he is still at large and the amount could not be recovered.

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

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

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

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

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

The case remained unresolved as no further developments were reported to the RAA as of 29 Feb.2024. A follow-up reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-01) NRDCL-SJ/2022-2023/375 dated 10/03/2023.

As per the ATR response received vide letter No.NRDCL/ZHONG/AFU-18/2023/297 of 18/4/2023 despite the issuance of Supreme Court Verdict the contractor has failed to report to NRDCL office and he is still at large and the amount could not be recovered.

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

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

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

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

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

The case remained unresolved as no further developments were reported to the RAA as of 29 Feb.2024. A follow-up reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-01) NRDCL-SJ/2022-2023/375 dated 10/03/2023.

As per the ATR response received vide letter No.NRDCL/ZHONG/AFU-18/2023/297 of 18/4/2023 despite the issuance of the Supreme Court Verdict the contractor has failed to report to the NRDCL office and he is still at large and the amount could not be recovered.

1.4 Non-renewal of Bank Guarantee

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

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

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

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

The case remained unresolved as no further developments were reported to the RAA as of 29 Feb.2024. A follow-up reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-01) NRDCL-SJ/2022-2023/375 dated 10/03/2023.

As per the ATR response received vide letter No.NRDCL/ZHONG/AFU-18/2023/297 of 18/4/2023 despite the issuance of the Supreme Court Verdict the contractor has failed to report to the NRDCL office and he is still at large and the amount could not be recovered.

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

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

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

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

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

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

The case remained unresolved as no further developments were reported to the RAA as of 29 Feb.2024. A follow-up reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-01) NRDCL-SJ/2022-2023/375 dated 10/03/2023.

As per the ATR response received vide letter No.NRDCL/ZHONG/AFU-18/2023/297 of 18/4/2023 despite the issuance of Supreme Court Verdict the contractor has failed to report to NRDCL office and he is still at large and the amount could not be recovered.

4.6 FINANACIAL INSTITUTIONS

4.6.1 Royal Insurance Corporation of Bhutan

The Royal Insurance Corporation of Bhutan had unsettled significant irregularities of Nu.19.263 million (status as on 31 March 2023) reported to the Parliament in April 2023. The same remained unresolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Mismanagement	19.263	-	19.263	-
3	Violation of Laws and Rules	-	-	-	-
	Total	19.263	-	19.263	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

1. Fraud, Corruption & Embezzlement

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

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

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

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

However, no further developments were reported by the management the case remained status quo as of 29 Feb. 2024.

2. Mismanagement – Nu.19.263 million

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

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had invested Nu.100 million as bond redemption fund with M/s Nubri Capital Private Limited and later instead of cancelling the initial contract and revising the terms of investment as advised by the RMA, the Asset Liability Committee meeting held on 11th June, 2013 had discussed and considered as other investment. Had the Royal Insurance Corporation of Bhutan Limited cancelled the contract with M/s Nubri Capital Private Limited and invested the amount to loans and advances (Card loan bearing highest interest rate), it would have earned interest income of Nu.16.814 million. The case was forwarded to Anti-Corruption Commission. (AIN: 13350; Observation 3.2; Accountabilities: Direct: Kinzang Dorji, GM, Credit and Investment, CID No.11805002787, Karma Sonam, GM, Life insurance, CID No. 11908001068, Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985, Sangay Wangdi, GM, General Insurance, CID No.11908001068, Pema Thinlay, Company Secretary, CID No.10202000720, Ugyen Tshewang, GM, Financial Securities Service, CID No.10702001725, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinlay Zangmo Dorji, Finance and Accounts, CID No.10701000589; Supervisory; Namgay Lhendup, CEO, CID No.1174000003 & Sonam Dorji, ED, CID No.10711001789).

Status: *Observation not settled. The case was forwarded to the Office of the Attorney General for prosecution. This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.*

Subsequently, the management reported that the case was forwarded to the Thimphu Dzongkhag Court Bench-I. After the Dzongkhag Court verdict, the defendant has now appealed to the larger bench of the High Court.

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

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

Status: *Observation not settled. The case was forwarded to the Office of the Attorney General for prosecution. This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.*

Subsequently, the management reported that the case was forwarded to the Thimphu Dzongkhag Court Bench-I. After the Dzongkhag Court verdict the defendant has now appealed to the larger bench of High Court.

3. Violations of laws and rules

3.1. Non-production of contractual agreement

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu did not furnish contractual agreement to the audit team pertaining to the funds borrowed from M/s Nubri Capital Private Limited aggregating to Nu.11.309 million. In absence of legal document, the authenticity and legality of the interest rates charged, terms of borrowing could not be ascertained. The case was forwarded to the Anti-Corruption Commission. (AIN: 13350; Observation 4.2; Accountabilities: Direct: Pema Thinlay, Company secretary, CID No.10202000720, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinley Zangmo Dorji, Finance & Accounts, CID No.11410003005; Supervisory: Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985).

Status: *Observation not settled. The case was forwarded to the Office of the Attorney General for prosecution. This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.*

Subsequently, the management reported that the case was forwarded to the Thimphu Dzongkhag Court Bench-I. After the Dzongkhag Court verdict the defendant has now appealed to the larger bench of High Court.

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

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

Status: *Observation not settled. The case was forwarded to the Office of the Attorney General for prosecution. This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.*

Subsequently, the management reported that the case was forwarded to the Thimphu Dzongkhag Court Bench-I. After the Dzongkhag Court verdict, the defendant has now appealed to the larger bench of High Court.



REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2016

(As of 29 Feb. 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2016

The Royal Audit Authority had submitted the review report of Annual Audit Report 2016 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had total significant unsettled irregularities of Nu.23.245 million consisting of Nu.19.116 million against budgetary agencies and Nu.4.129 million against Non-Budgetary Agencies as on 31 March 2023.

The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, irregularities of Nu. 1.912 million against Budgetary Agencies and Nu.2.923 million against the Non-budgetary Agencies were resolved as on 29 Feb. 2024 as shown in table below.

Table: Showing agency wise irregularities settled and balances as on 29 Feb. 2024.

Sl. No.	Agencies	Unsettled irregularities last reported as on 31/03/2023 (Nu.in Million)	Irregularities Settled as on 29/02/2024 (Nu.in Million)	Balance irregularities as on 29/02/2024 (Nu.in Million)	Percentage of irregularities settled as on 29/02/2024
1	Ministries	6.898	1.609	5.289	23.33
2	Dzongkhags	0.709	0.303	0.406	42.74
3	Gewogs	0.497	-	0.497	-
4	Autonomous Agencies	11.012	-	11.012	-
Total Budgetary Agencies-A (1to4)		19.116	1.912	17.204	10.00
5	Corporations	3.434	2.923	0.511	85.12
6	Financial Institutions	0.695	-	0.695	-
Total Non-Budgetary Agencies-B (5 to 6)		4.129	2.923	1.206	70.79
Grand Total (A+B)		23.245	4.835	18.410	20.80

As transpired from table above, out of the total unsettled irregularities of Nu.23.245 million reported as of 31 March 2023, irregularities amounting of Nu.4.835 million were settled leaving a balance of Nu.18.410 million as on 29 Feb. 2024. The detail report of the irregularities resolved and outstanding as of 29 Feb. 2024 are given below.

PART-II DETAILED REVIEW REPORT

4.1 MINISTRIES

4.1.1. Ministry of Works & Human Settlement

The Ministry of Works & Human Settlement had one unsettled significant irregularities reported to the Parliament in April 2023. The irregularity under the category of mismanagement without specific amount remained unresolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. In Million)	% settled
1	Mismanagement	-	-	-	-
	Total	-	-	-	

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

1. Mismanagement

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

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

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

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

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

Status: Observation not settled.

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

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

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

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

4.1.2. Ministry of Information & Communications

The Ministry of Information & Communications had unsettled irregularity of Nu.0.278 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularity remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.278	-	0.278	-
	Total	0.278	-	0.278	-

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

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

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

Status: Observation not settled.

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the Department to recover the balance amount within 1st December 2019 and share the update with RAA. However, the RAA has yet to receive the said amount as of 31 Aug. 2021.

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

However, the observation remained unsettled as the amount was not recovered as of 29 Feb. 2024.

4.1.3 Ministry of Agriculture and Forests

The Ministry of Agriculture and Forests had total unsettled significant irregularities of Nu.2.505 million (status as on 31 March 2023) reported to the Parliament in April 2023; out of which Nu.1.609 million was settled leaving a balance of Nu.0.896 million as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
3	Shortfalls, lapses and deficiencies	2.505	1.609	0.896	64.23
	Total	2.505	1.609	0.896	64.23

The detailed status of unsettled irregularities reported to the Parliament in April 2023; irregularities resolved and balances as on 29 Feb. 2024 are as discussed below:

1. Fraud, Corruption & Embezzlement

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

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

Status: Observation not settled.

The case was reported sub judice in Dzongkhag Court, Gasa as on 15/11/2019.

The issue was deliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of MoAF reported that the accountable person has been convicted for fraud and corruption. However, he has appealed before the larger bench. It was reported that the ministry has received a receipt of payment by Karma from OAG for the observation, however, the details are not clear and needs to be discussed with the RAA. The PAC directed that the Ministry and RAA should coordinate in verifying the payment receipt and decide on the same accordingly by 30 Sept. 2021.

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

Finally, a court verdict was issued, however, although the amount was recovered and deposited into the revenue account by Mr. Karma, site engineer, the case remained unresolved as an appropriate administrative action as per the court verdict was not taken against the accountable official as of 29 Feb. 2024. A follow-up report was issued vide RAA/FUCD/(4-MoENR)/Sect/2023/647 dated 12/10/2023 indicating the Ministry for taking up necessary action.

3. Shortfalls, lapses and deficiencies – Nu.0.896 million

3.12 Outstanding Advances - Nu. 0.896 million

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

Status: Observation not settled.

As the balance of Nu. 0.838 million reported in April 2018 was not recovered/adjusted, PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within

December 2019 to resolve the observation. The Ministry was also informed that PAC might draw special attention of the Hon'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.

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

Accordingly, the RAA had compiled the outstanding dues and submitted the latest status to MoAL vide letter No. RAA/FUCD/(B9)/JDNP/MoAF/2022/760 dated 31/05/202 & RAA/FUCD/DAG/(B9-3)/JDNP-MoAF/2022/1277 dated 27/07/2022 for submission to Gasa Dzongkhag Court.

Subsequently, the Dzongkhag Court issued a verdict No. Gasa22-162, dated 29/11/2022 ordering to restitute Nu.633,652.07 (inclusive of penal interest) from Tshering Wangchuk, Ex-Accountant within 24/02/2023. Subsequently, Nu.402, 937.58 was deposited leaving a balance of Nu.230, 714.49 as of 29 Feb.2024. Concerning the accumulated 24% penalty, the 73rd RAA's Advisory Committee Meeting of the RAA held on 18th July 2023 decided to waive the penalty as the defaulter was terminated from the service.

A follow-up report was issued vide RAA/FUCD/(4-MoENR)/Sect/2023/647 dated 12/10/2023 indicating the Ministry for taking up necessary action.

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

Status: Observation not settled.

During the recent follow up, the RAA has recommended to deposit the 10% retention money into Audit Recoveries Account beside furnishing a copy of final adjustment vouchers for adjustment of Nu.632,400.00. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu also instructed the Ministry to resolve the issue within December 2019. However, it remained unsettled as of 3 Sept. 2021.

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

Based on the Royal Court of Justice, Gasa District Court vide Judgement no.(Gasa22.162), dated 29/11/2022 and ATR received from MoAL vide Letter no. MoAF/LD/7/2022-23/05, dated 20/07/2023, the management must recover the balance PWA of Nu.32,892.00 and deposited into ARA. However, regarding the 24% penalty accumulated as of date in AIMS, the RAA's Advisory committee had reviewed the status and considered and dropped the penalty during our 73rd Advisory Committee Meeting held at RAA, HQ dated 18th July 2023 as the defaulter was terminated from the service. Until such time, the amount is recovered and deposited into ARA, the issue remains unresolved.

It is to reiterate the issue that, the department had retained Nu. 108,071.55 being 10% RM was deducted at source (1st RAB) still with AFD as of date without remittance. The RAA would advise the department to deposit the 10% RM into the Audit Recoveries Account besides furnishing a copy of adjustment vouchers for advance payment of Nu.632,400.00 for updating its status as of 30/6/2021.

However, the observation remained unsettled as of 29 Feb.2024 despite serving repeated follow-up reminders vide RAA/FUCD(B1)MoAF/2021/539 dated 12th April 2021 and RAA/FUCD(2-MoAL)/Sect/2023/170 dated 02/08/23.

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

Status: Observation settled.

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

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

Subsequently, out of the total outstanding of Nu.1.066 million; Nu.0.199.00 million was settled based on the adjustment details submitted by the Ministry leaving a balance of Nu.0.867 million unsettled as of 31 March 2023. As intimated by the Ministry Nu.0.867 million should be recovered from M/s Druk Wangi Builders (CDB 6652) and shall be pursued accordingly.

Subsequently based on the Royal Court of Justice, Gasa District Court vide Judgement no.(Gasa22.162), dated 29/11/2022 and ATR received from MoAL vide Letter No. MoAF/LD/7/2023-24/05, dated 20/07/2023, the observation is considered as settled. Concerning 24% penalty, the RAA's Advisory Committee had reviewed the status and considered and dropped the penalty during 73rd Advisory Committee Meeting held at RAA, HQ dated 18th July 2023 as the defaulter was terminated from the service.

- d) The Jigme Dorji National Park, Damji had outstanding advances of Nu. 2.553 million against the officials (Nu. 0.096 million) and parties (Nu. 2.457 million). *(AIN: 14210; Para 3.1; Note: accountability transferred to Sonam Wangchuk from Tshering Wangchuk, Accountant, EID No. 200207191 as per court verdict; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028).*

Status: Observation not settled.

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold a meeting with Jigme Dorji National Park in the presence of accountable officials within December 2019 to resolve the observation. The Ministry was also informed that PAC might

draw special attention of the Hon'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.

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

Accordingly, the RAA compiled the outstanding dues as per the request of MoAL and submitted to the MoAL for litigation in Gasa Dzongkhag Court. Subsequently, Gasa Dzongkhag Court issued a verdict No. Gasa22-162, dated 29/11/2022 ordering to recover Nu.143,897.53 inclusive of 24% penalty from Tshering Wangchuk, Ex-accountant within 24/02/2023.

Based on the Royal Court of Justice, Gasa District Court vide Judgement no.(Gasa22.162), dated: 29/11/2022 and ATR received from MoAL vide Letter no. MoAF/LD/7/2022-23/05, dated: 20/07/2023, the management must recover the balance PWA of Nu.32,892.00 and deposit it into ARA. However, concerning the 24% penalty accumulated as of the date in our system, the RAA's Advisory Committee reviewed the status and considered and dropped the penalty during 73rd Advisory Committee Meeting held at RAA, HQ dated 18th July 2023 as the defaulter was terminated from the service.

4.1.5. Ministry of Finance

The Ministry of Finance had significant irregularity of Nu.4.115 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularity remained unsettled as of 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Mismanagement	4.115	-	4.115	-
	Total	4.115	-	4.115	

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

1. Mismanagement - Nu. 4.115 million

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

The Regional Revenue and Customs Office, Phuentsholing had short levied sales tax and green tax of Nu. 8.700 million during the year 2015 from the imported vehicles. The less selling price of vehicles reflected in the bills of the dealer as compared with Excise Invoice of the manufacturer/dealer had led to less amount declared by the importer resulting in short collection of BST and Green tax. Subsequently, Nu. 4.585 million was recovered/adjusted leaving a balance of Nu. 4.115 million. The case is subjudice. (AIN: 13606; Para 1;

Accountabilities: Direct: Kesang Yeshey, Asstt. Collector, EID No.200801145; Supervisory: Dhendup, Joint Collector, Customs, EID No. 200601043).

Status: Observation not settled.

As per the letter No. RRCO/PL/Adm-20/2019-2020/964 dated 27/08/2019 the case was subjudice in the High Court.

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

As per the court verdict no. 9.4 (Section 198 of Civil and criminal procedure code 9.5 (section 111(e) the RRCO Management should pay the amount of Nu. 90,000(45000 +45000) to Thunder Motors and intimate RAA. Until such time the observation is unsettled. Accordingly, the follow up reminder letter was served vide letter no. RAA/OAAG-Pling/FUS/MoF-RRCo(Pling)-D16/2023/250 dated.23.05.2023 reminding RRCO Phuentsholing to pay the amount to the M/s.Thunder motors.

The case remained unresolved as no further developments were reported as of 29 Feb. 2024.

4.2 DZONGKHAGS

4.2.3. Dzongkhag Administration, Pemagatshel

The Dzongkhag Administration, Pemagatshel had unsettled irregularities of Nu.0.102 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unresolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.102	-	0.102	-
	Total	0.102	-	0.102	

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is discussed as below:

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

1.2 Excess payment Nu. 0.102 million

- The Dzongkhag Administration, Pemagatshel had made excess payment of Nu.0.220 million to contractor for the construction of 2-units classroom at Tsatsi Primary School under Nanong Gewog. The excess payment had occurred due to non-deduction of advances from

the preceding running bills. (AIN: 13501; Para 4.1; Accountabilities Direct: Yezer, Ex.FO, EID No. 200901068; Supervisory: Tshewang Jurmey. AE, EID No. 200807184).

Status: Observation not settled.

The total amount Nu.0.220 million reported was fully recovered, but the applicable amount of penalty Nu. 0.252 million remain un-recovered as of date and the ATR reminder was served vide letter No. OAAGSJ/FOLLOW-UP-02)Dz-PGATSHel/2022-2023/688 dated 19/10/2023.

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

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

However, as no further developments were reported by the Dzongkhag the case remained unresolved as of 29 Feb. 2024.

4.2.4. Dzongkhag Administration, Chhukha

The Dzongkhag Administration, Chukha had unsettled irregularities of Nu.0.439 million (status as on 31 March 2023) reported to the Parliament in April 2023; out of which Nu.0.135 million was settled leaving a balance of Nu.0.304 million as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
2	Shortfalls, lapses and deficiencies	0.439	0.135	0.304	30.75
	Total	0.439	0.135	0.304	

The detailed status of unsettled irregularity reported to the Parliament in April 2023; amount settled and unsettled balance as on 29 Feb. 2024 is discussed as below:

2. Shortfalls, lapses and deficiencies – Nu. 0.304 million

2.1 Excess payments - Nu. 0.304 million

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

Status: Observation partially settled.

Out of the unsettled balance of Nu.0.439 million reported last; Nu.0.135 has been settled leaving a balance of Nu.0.304 million as of 29 Feb. 2024.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where Dasho Dzongrab reported that, initially Court refused to register the case due to the improper address of the accountable person. However, it was followed up and registered in the Court of Law. As of now, the case has reached the evidence stage. It was stated that Churamuni Bhattarai isn't cooperating as he has already received audit clearance and has claimed his retirement benefits.

As per the additional information received the principal amount was changed to Nu. 1,129,265.8 as per the royal command vide letter No. OGZ/Legal/2017/141 dated 2 June 2017 and as per that the contractor, Sangay Lungten is depositing Nu.15,000/- monthly. The balance as of 29 Feb. 2024 stands at Nu.0.394 million.

4.2.9. Dzongkhag Administration, Punakha

The Dzongkhag Administration, Punakha had unsettled irregularity of Nu.0.168 million (status as on 31 March 2023) reported to the Parliament in April 2023. The same has been settled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.168	0.168	-	100
	Total	0.168	0.168	-	100

The detailed status of irregularity reported to the Parliament in April 2023 which got resolved as on 29 Feb. 2024 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1 Excess payment- Nu.0.168 million

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

Status: Observation Settled.

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

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

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

A Follow-up Report has been issued vide letter No. RAA/OAAG(T)/AR/PDA/2022-2023/0184 dated 6 January 2023. Finally, the observation was settled based on the decision of the Hon'ble Auditor General's Advocacy and Review Meeting held at Punakha Dzongkhag on 10 August 2023.

4.3 GEWOGS

4.3.1. Gewogs Administration under Chhukha

IV. Phuentshogling Gewog

The Gewog Administration, Phuentshogling had one unsettled significant irregularity under shortfalls, lapses and deficiencies reported to the Parliament in April 2023. The same remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
2	Shortfalls, lapses and deficiencies	-	-	-	
	Total	-	-	-	

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is discussed as below:

2. Shortfalls, lapses and deficiencies

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

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

Status: Observation not settled.

As per the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the Gewog Administration was instructed to submit the documents relating to the transfer of ownership to RAA after they receive Thram from the National Land Commission.

However, upon contacting with Gup over the phone on 17/11/2023 it was reported that Lag Thram was under process with the NLCS.

4.3.3. Gewogs Administration under Bumthang

II. Ura Gewog

The Gewog Administration, Ura had unsettled irregularity of Nu.0.365 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.365	-	0.365	0
	Total	0.365	-	0.365	

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

1.1 Outstanding Advances - Nu. 0.365 million

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

Status: Observation not settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug.2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that former Gup expired before the amount could be recovered. When present Gup joined the service, ADM was transferred and Mangmi had resigned. Upon approaching the family members of the deceased to recover the amount from them, it was found that they were financially unstable. Therefore, it was requested that this issue to be given consideration.

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

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

However, the observation remained unresolved as the recommended actions were not taken by the Gewog as of 29 Feb. 2024.

4.3.5. Gewogs Administration under Trongsa

I. Korphoog Gewog

The Gewog Administration had unsettled irregularity of Nu.0.097 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularity remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.097	-	0.097	-
	Total	0.097	-	0.097	

The detailed status of unsettled irregularity reported to the Parliament in April 2023, which remained unsettled as on 29 Feb. 2024 is discussed as below:

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

2.1 Excess payment to community contractor – Nu. 0.097 million

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

Status: *Observation not settled.*

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

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

ATR reminder letter served to the agency vide letter RAA-BT/Fus-01/2022/343 dated 29/06/2023, however, so far no Action Taken Report has been submitted by the Gewog to RAA as of 29 Feb. 2024.

4.3.10. Gewog Administration under Lhuentse

I. Gangzur Gewog

The Gewog Administration, Gangzur had unsettled significant irregularity of Nu.0.035 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Fraud, Corruption & Embezzlement	0.035	-	0.035	-
	Total	0.035	-		

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

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

1.1 Misuse of revenue - Nu. 0.035 million

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

Status: Observation not settled.

As per the PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19, RAA agreed to discuss the issue in the bilateral meeting with ACC and convey the decision to Gewog Administration and PAC.

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

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

Several reminder letters were served to Gewog vide letter No. RAA/BT/Fus-01/2022/345 dated 29/06/2022; RAA/DAG/022/59 dated 25/08/2022 and letter No. RAA/BT/Fus-01/2023/86 dated 04/10/2023. However, the observation remained unsettled as the RAA did not receive any ATR from the Gewog Administration as of 29 Feb. 2024.

4.4 AUTONOMOUS AGENCIES

4.4.1. Royal University of Bhutan

The Royal University of Bhutan had unsettled irregularity of Nu.8.110 million (status as on 31 March 2023) reported to the Parliament in April 2023. The irregularities remained unsettled as of 29 Feb. 2024 as summarized in the table below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Mismanagement	2.736	-	2.736	-
2	Violations of laws and rules	3.138	-	3.138	-
3	Shortfalls, lapses and deficiencies	2.236	-	2.236	-
	Total	8.110	-	8.110	-

The detailed status of unsettled irregularities reported to the Parliament in April 2023, which remained unsettled as on 29 Feb. 2024 are as discussed below:

2. Mismanagement – Nu. 2.736 million

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

The Royal University of Bhutan had not adjusted the advances of Nu. 2.736 million from the contractor in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The Project Management had released payments aggregating to Nu. 25.693 million up to the 9th RA bill but had not adjusted advances amounting to Nu. 2.736 million from the pre-final bills. The management had failed to comply with the

contract agreements and had not deducted proportionate amounts from payments by following the schedule of completed percentages of the works and had also, not adjusted all advances when 80% of contract is executed as required. (AIN: 14188; Para: 1; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043).

Status: Observation not settled.

As per the letter No. FTM/Adm/10/2018-19/338 dt.28/9/2018 a case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC). Later it was further informed that the case reached the High Court and the verdict was pronounced on 30/12/2019. However, the verdict was not being enforced.

The RAA has issued judgement enforcement reminder letter to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dated 05/09/2022 and Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 was issued. However, no updates were received as of 29 Feb. 2024.

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

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

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

Status: Observation not settled.

As per the letter No. FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has issued judgement enforcement reminder letter to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dated 05/09/2022 and the Follow-up Report was issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated. 29/05/2023. However, no update was received as of 29 Feb. 2024.

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

The Royal University of Bhutan had made inadmissible payments of Nu.0.318 million to contractor for not providing items as specified in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. Instead of providing and fixing ‘anodized aluminum section for door framing’ the item was substituted with the ‘flush door shutter in timber framing’. There was no prior approval of competent authority/client for changing the specification and there were no changes in the rates for items of work claimed. (AIN: 14188; Para: 8; Accountabilities Direct: Rinchen Pasang, Engineer, CID No. 11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Observation not settled.

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ARDC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has issued judgement enforcement reminder letter to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dated 05/09/2022 and a Follow-up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023. However, no update was received as of 29 Feb. 2024.

3.3 Change of consultant's key personnel with lower qualification

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

The site engineer committed by the consultancy firm in the tender documents/technical proposal had resigned and the actual site engineer assigned to supervise the construction works at site had less experience. The consultancy firm neither had the personnel's CV listed in the technical proposal, nor did they seek approval for change of key personnel from client, which breached the terms and conditions of the contract. The engagement of inexperienced site engineer had resulted in improper maintenance of Measurement Books (MB) with resultant over payments due to totaling errors and discrepancies in measurements and non-execution of works because of poor supervision. (AIN: 14188; Para: 27; Accountabilities Direct: Rinchen

Pasang, Engineer, CID No.11211000310; Dechen Wangdi, Manager, CDB Reg. No. 107; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043).

Status: *Observation not settled.*

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and a Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023. However, no update was received as of 29 Feb. 2024.

3.4 Acceptance of defective works

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

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

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

Status: *Observation not settled.*

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated. 29/05/2023 were served. However, no updates were received as of 29 Feb. 2024.

3.5 Inaction and non-termination of the contract

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

Status: Observation not settled.

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 were served. However, no updates were received as of 29 Feb. 2024.

4. Shortfalls, lapses and deficiencies – Nu. 2.236 million

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

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

Status: Observation not settled.

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 were served, however, no updates were received as of 29 Feb. 2024.

4.2 Under payment in construction -Nu. 0.177 million

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

Status: Observation not settled.

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 were served. However, no updates were received as of 29 Feb. 2024.

4.3 Inadmissible/double/overpayment - Nu. 0.774 million

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

Status: Observation not settled.

As per the letter No. FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 were served. However, no updates were received as of 29 Feb. 2024.

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

Status: Observation not settled.

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

Judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report issued vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 were served. However, no updates were received as of 29 Feb. 2024.

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

Status: Observation not settled.

As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018, the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

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

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

Subsequently, the RUB reported that the High Court passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending.

A judgement enforcement reminder letter was sent to the Dean, Faculty of Traditional Medicine, vide letter No. RAA/DAG/02/2021-2022/1559 dt.05/09/2022 and the Follow up Report vide letter No. RAA/FUCD(W37-FoTM)2023/985 dated 29/05/2023 were issued. However, no updates were received as of 29 Feb. 2024.

4.4.4. Royal Civil Service Commission

The Royal Civil Service Commission had unsettled irregularity of Nu.0.068 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. In Million)	% Settled
2	Shortfalls, lapses and deficiencies	0.068	-	0.068	-
	Total	0.068	-	0.068	

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

2. Shortfalls, lapses and deficiencies - Nu. 0.068 million

2.2 Inadmissible payment of tuition fees & stipend - Nu. 0.068 million

The Royal Civil Service Commission had not recovered inadmissible payment of Nu. 0.798 million from an official upon discontinuation of Master's course from the first semester due to ill health. However, the tuition fees & stipends had been paid till 4th Semester from the GOI Project 'Nehru Wangchuck Scholarship'. Nu. 0.233 million was recovered leaving a balance of Nu. 0.565 million.

The RCSC reported of the Office of the Vice Chancellor having forwarded the case to the Office of the Attorney General. (AIN: 13650; Para: 3.1; Accountabilities: Direct: Rashme Gurung, EID No.201101147; Supervisory: Gajel Lhendup, Registrar, RUB, EID No.8201014).

Status: Observation not settled.

As per the RCSC's letter No. RCSC/AFS-14/2019-20/1007 dt. 03/9/2019, the Dzongkhag Court Thimphu had issued a judgment dated 30/01/2019 where the defendant had been asked to refund the amount within 02/09/2019. However, the amount had not been deposited as of 9 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall where RCSC reported that RUB filed a suit before the Royal Court of Justice for the recovery of the amount. The court directed the accountable person to pay the amount. A request was made to the Court requesting for a time extension and accordingly, the Court directed the accountable person to pay the amount by the end of September 2021.

It was decided that the amount should be recovered as per the time extension granted by the Court and RCSC shall update the same to RAA.

However, the amount of Nu. 68,000/- remained unsettled as of 29 Feb.2024.

4.4.5. Tourism Council of Bhutan

The Tourism Council of Bhutan had unsettled irregularities of Nu.2.205 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Violations of laws and rules	0.400	-	0.400	-
2	Shortfalls, lapses and deficiencies	1.805	-	1.805	-
	Total	2.205	-	2.205	

The detailed status of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

1. Violations of laws and rules – Nu. .400 million

1.2 Irregular release of advance - Nu.0.400 million

The Tourism Council of Bhutan had made irregular payment of advances amounting to Nu.0.400 million to M/s Bhutan Pleasant Holidays from the 'Foreign Exchange (Forex) and Allocation for Sustainable Tourism Development' account without any balance in the tour operator's account. This was in violation to the Clause 'H' of the Tour Payments Rules and Procedures which states that, "On application from the tour operator, up to 50% of the amount deposited shall be released as advance. The balance amount will be released to the tour operators upon submission of invoice by them". (AIN: 13945; Para: 1; Accountabilities Direct: Tashi Pelki, Accounts Asstt. V, EID No.: 9704048; Kumbu Dem, Accounts Asstt. III, EID No.: 200507249; Supervisory: Dependra Ghalley, Accounts Officer, EID No.: 200201019).

Status: Observation not settled.

As per the letter No.LS-21/269 dated 29/01/2020, the judgement passed by the Larger Bench of the High Court on 12 Dec 2019 upholding the judgement of the Bench II of the High Court passed on 30 Oct 2018 directing the appellant to pay the principal amount along with the interest of Nu.122,133.30. However, the defendant had further appealed to the Supreme Court as per the letter.

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Legal officer of TCB reported that an appeal was filed before the Supreme Court by the accountable person but was rejected due to appellant's failure to deposit the security deposit and was directed to enforce the judgement passed by High Court. Accordingly, TCB filed for the enforcement of the judgement passed by High Court. Unfortunately, the accountable person went missing and the judgement couldn't be enforced. Further, TCB approached the Royal Court of Justice seeking for an arrest warrant against the accountable person and the same will soon be granted by the Court.

It was decided that TCB should exhaust all means in tracing the accountable person and resolve this issue accordingly.

A Follow up Report was served vide letter No. RAA/FLSD(8-MoICE)DTuR/2023/512 dated 21/09/2023. The observation remained unresolved as of 29 Feb. 2024, as no further action taken report was received from the TCB.

2. Shortfalls, lapses and deficiencies – Nu. 1.805 million

2.1 Shortages in physical balances - Nu. 0.255 million

The Austrian funded Hotel and Tourism Management Training Institute construction project had shortages of electronic equipment worth Nu.0.255 million as observed during the joint physical verification carried out on 20th and 21st July 2016. (AIN: 14100; Para: 2; Accountabilities: Direct: Sonam Tshering, Sr. Instructor, EID No.:200309021; Supervisory: Dakar Dorji, Principal, EID No.:200201258).

Status: Observation not settled.

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the TCB to seek the advice of Governing Body and accordingly share the minutes of Board meeting to RAA for further update.

This issue was redeliberated during PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Director of TCB reported that the management has decided to write off

this issue. However, TCB stated that they will follow up with the former project manager for resolving it.

It was decided that TCB should take an appropriate action under intimation to RAA and update PAC by 31 April 2023.

The issue was re-deliberated in the Advisory Committee Meeting held on 31st August 2023 and as per the decision of the meeting, it was agreed that the management should submit write-off approval for the missing items as tracing the missing items seems impossible by now. Therefore, the management of HTMTI/TCB should obtain a write-off approval from a competent authority and furnish it to RAA for review and appropriate decision.

A Follow up Report was served vide letter No. RAA/FLSD(8-MoICE)DTuR/2023/512 dated 21/09/2023. However, the observation remained unresolved as of 29 Feb. 2024, as no further action taken report was received from the TCB as of 29 Feb. 2024.

2.2 Wasteful Expenditure - Nu. 1.550 million

The Austrian funded Hotel and Tourism Management Training Institute construction project had incurred wasteful expenditure of Nu.1.550 million on procurement and installation of IT equipment and software for the Royal Institute for Tourism and Hospitality in Motithang. The software had not been utilized even once. (AIN: 14100; Para: 3; Accountabilities: Direct: Sonam Tshering, Sr. Instructor, EID No.:200309021; Supervisory: Dakar Dorji, Principal, EID No.:200201258).

Status: *Observation not settled.*

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the TCB to seek the advice of Governing Body and accordingly share the minutes of Board meeting to RAA for further update.

This issue was redeliberated during PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Director of TCB reported that the management has decided to write off this issue. However, TCB stated that they will follow up with the former project manager for resolving it.

It was decided that TCB should take an appropriate action under intimation to RAA and update PAC by 31 April 2023.

The issue was re- deliberated in the Advisory Committee Meeting held on 31st August 2023 and as per the decision of the meeting it was agreed that the management should submit write off approval for the missing items as tracing of the missing items seems impossible by now. Therefore, the management of HTMTI/TCB should obtain a write off approval from a competent authority and furnished to RAA for review and appropriate decision.

A Follow up Report was served vide letter No. RAA/FLSD(8-MoICE)DTuR/2023/512 dated 21/09/2023. However, the observation remained unresolved as of 29 Feb. 2024, as no further action taken report was received from the TCB as of 29 Feb. 2024.

4.4.8. Bhutan Council for School Examinations and Assessment

The Bhutan Council for School Examinations and Assessment had unsettled irregularity of Nu.0.629 million (status as on 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.629	-	0.629	-
	Total	0.629	-	0.629	-

The detailed status of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 0.629 million

1.1 Irregularities in printing of documents for private schools - Nu. 0.629 million

The Bhutan Council for School Examinations and Assessment had borne the costs of printing of confidential documents and transportation charges of Nu. 0.629 million for the 38 private schools from the RGoB fund without Government directives or approval. The RAA had advised the BCSEA to take up the issue with the Ministry of Education for appropriate decisions on the applicability of the support to the private schools keeping in view that all private schools are commercial in their nature of running the schools. However, decisions of the Ministry if any has not been forthcoming. (AIN: 14132; Para 1; Accountabilities Direct & Supervisory: Tenzin Dorji, Secretary, EID No.9208100).

Status: Observation not settled.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where BCSEA reported that the expenses were incurred for printing exam question papers. The expenses incurred for printing of exam question papers were not charged keeping in mind the policy of free education. BCSEA is not authorized to charge schools for printing exam question papers and the practice of printing the same for free was for a long time. Further, as communicated by the Ministry of Education to BCSEA, it was informed that the Ministry of Education will personally write to PAC on this issue.

The RAA has the opinion that this issue should be resolved through a policy decision. The PAC directed that BCSEA should follow up with MoE in availing the directives/policy decision on this issue by 30 Sept. 2021 and inform the decision to RAA.

Although the textbooks are provided free of cost, the support for printing confidential documents (question papers) for private schools is not spelled out in the revised Guidelines 2018. Therefore, BCSEA should provide a specific policy for the Government for providing printing and transportation costs of such documents for private schools, or else the amount in question is to be recovered and deposited into Audit Recoveries A/c. Until such actions are taken, the observation shall remain unsettled.

The RAA had served the follow-up letter vide ref. No. RAA/FLSD(6-MoESD)BCSEA/2023/524 dated 27/09/2023, but so far no ATR report received, hence the observation remained unresolved as of 29 Feb. 2024.

4.5 CORPORATIONS

4.5.2. Dungsam Cement Corporation Limited

Dungsam Cement Corporation Limited had unsettled irregularity of Nu.3.434 million (as on 31 March 2023) reported to the Parliament in April 2023; out of which Nu.2.923 million was settled leaving a balance of Nu.0.511 million as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
4	Shortfalls, lapses and deficiencies	3.434	2.923	0.511	85.12
	Total	3.434	2.923	0.511	

The detailed status of unsettled irregularities reported to the Parliament in April 2023, irregularities settled and the unsettled ones as on 29 Feb. 2024 are as discussed below:

4. Shortfalls, Lapses and Deficiencies – Nu. 0.511 million

4.4 Missing documents for payments made – Nu. 0.444 million

- a) The Dungsam Cement Corporation Limited, Nganglam did not have supporting documents for payments involving Nu.2.923 million pertaining to M/s Sharma Hardware Stores, Phuentsholing for the procurement of cement. (AIN: 13705; Para: 11.1; Accountabilities: Direct: Lt. Sangay Tshering, AFO, CID No. 11410003558; Jigme Tshewang, Head Finance, CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448).

Status: Observation settled.

The case is related to the main acquiesced Jigme Tshewang. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that Jigme Tshewang has appealed to Supreme Court and the case is subjudice.

A follow-up reminder was sent vide ref. No. OAAGSJ/FOLLOW-UP-02)DCCL/2022-2023/365 dated 02/03/2023. Response awaited.

As per ATR received vide letter No. DCCL/IA/(RAA-04)2023/688 dated 04/04/2023, the reconciliation report of cement at the DCCL store and the declaration made at the customs office is presented during 19th, 20th and 21st BAC meeting, where it was found that the quantity of cement declared at the Custom Gate was more than the actual cement received at the DCCL which indicates that cement was received and used but not record was not maintained appropriately. Since expenditure was incurred even though the payment documents were missing, hence the observation was settled vide follow-up ref. No. OAAGSJ/FOLLOW-UP-02/DCCL/2023-2024/650 dated 13/09/2023.

- b) The Dungsam Cement Corporation Limited, Nganglam did not have supporting documents for payments involving Nu.0.444 million on account of transportation charges for cement paid to M/s Sharma Hardware Stores, Phuentsholing. (AIN: 13705; Para: 11.2; Accountabilities: Direct: Lt. Sangay Tshering, AFO, CID No. 11410003558; Jigme Tshewang Head Finance, CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448)

Status: Observation not settled.

The case is related to the main acquiesced Jigme Tshewang. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that Jigme Tshewang has appealed to Supreme Court and the case is subjudice.

Although, the para-Nos. 11.1; 11.2 & 20 of AIN 13705 report cases related to Jigme Tshewang, yet those paras were left out from the court case without inclusion.

The RAA had issued follow-up reports repeatedly vide letter Ref. No. OAAGSJ/FOLLOW-UP-02) DCCL/2022-2023/365 dated 02/03/2023 and vide letter Ref. No. OAAGSJ/FOLLOW-UP-02) DCCL/2023-2024/710 dated 22/11/2023. However, no ATR reports have been received, hence the observation remained un-settled as of 29 Feb. 2024.

4.5 Inadmissible payment of VAT - Nu. 0.067 million

The Dungsam Cement Corporation Limited, Nganglam had made inadmissible payments amounting to Nu. 0.067 million on account of VAT for procurement of cement from M/s Sharma Hardware Store, Phuentsholing. The case is subjudice. (AIN: 13705; Para: 20; Accountabilities: Direct: Lt. Sangay Tshering, CID No. 11410003558; Jigme Tshewang CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448).

Status: Observation not settled.

The case is related to main acquiesced Jigme Tshewang. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that Jigme Tshewang has appealed to Supreme Court and the case is subjudice.

Although, the para-Nos. 11.1; 11.2 & 20 of AIN 13705 report cases related to Jigme Tshewang, yet those paras were left out from the court case without inclusion.

The RAA had served repeated follow-ups vide letter Ref. No. OAAGSJ/FOLLOW-UP-02) DCCL/2022-2023/365 dated 02/03/2023 and vide letter Ref. No. OAAGSJ/FOLLOW-UP-02) DCCL/2023-2024/710 dated 22/11/2023. However, no ATR reports were received, hence the observation remained un-settled as of 29 Feb. 2024.

4.6 FINANCIAL INSTITUTIONS

4.6.1. Bhutan Development Bank Limited

Bhutan Development Bank Limited had unsettled irregularity of Nu.0.695 million (status as on 31 March 2023 reported to the Parliament in April 2023. It remain un-settled as of 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Mismanagement	0.695		0.695	-
2	Shortfalls and Lapses and deficiencies	-	-	-	-
	Total	0.695	-	0.695	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as on 29 Feb. 2024 are as discussed below:

1. Mismanagement -0.695 million

1.2 Disbursement of loans to inactive member of NPPF clients – Nu.0.695

The Bhutan Development Bank Limited, Panbang, Zhemgang had disbursed Government Employee loans amounting to Nu.0.695 million to three inactive members of the NPPF in violation to the prescribed loan disbursing norms and procedures. *(AIN: 13714; Para: 2; Accountabilities: Direct: Pema Youden, Branch Assistant, CID No.11608002935; Karma Dendup, Branch Assistant, CID No.10905001513; Supervisory: Jamyang Tenzin, Manager, CID No. 12008002350).*

Status: Observation not settled.

The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where BDBL CEO reported that Panbang Branch had sanctioned employee loans amounting to Nu. 0.695 million to three inactive members of NPPF. The branch management has managed to follow-up and close all three accounts.

It was decided that BDBL should submit the loan closure documents to RAA by 30 Sept. 2021 for review and appropriate decision.

However, the observation remained unresolved as required documents were not received by the RAA as of 29 Feb. 2024.

3. Shortfalls, lapses and deficiencies

3.1 Defaulted loans pending litigation

The Bhutan Development Bank Limited, Main Branch Office, Thimphu had not taken legal actions against 490 cases of defaulted loan accounts from 1991 to 2015. A total sum of Nu. 623.56 million remains outstanding against a total sanctioned amount of Nu. 671.22 million from clients. The bank reported of having regularized 283 loan accounts leaving a balance of 207 loan accounts. *(AIN: 14120; Para: 2; Accountabilities: Direct: Sangay Dorji, Chief Branch Manager, CID No. 11410000258; Supervisory: Sangay Dorji, Chief Branch Manager, CID No. 11410000258).*

Status: Observation not settled.

The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where BDBL CEO reported that no legal action against this issue was taken by the management due to clients' partial repayments and letter of undertakings, untraceable clients, absconding clients, lack of proper address and client serving prison terms. However, as of 31 July 2021, 289 accounts with loan outstanding amounting to Nu. 113.76 million were closed through vigorous follow-up by the Credit Officers and litigation, 12 accounts with loan outstanding amounting to Nu. 48.69 million were regularized, 112 accounts with loan outstanding amounting to Nu. 282.62 million were forwarded for legal actions and 89 accounts loan outstanding amounting to Nu. 179.22 million retained with respective Credit Officer for follow-up.

The PAC directed BDBL to submit all the relevant documents to RAA by 30 Sept. 2021 relating to the closing and regularization of the accounts as reported in the meeting.

As per the latest information received from the management out of 490 accounts pending; 256 accounts were fully settled/regularized and the balance of 234 accounts are with respective Legal Division for litigation and recovery process.

4.6.4. Bank of Bhutan Limited

The BoBL had one significant unsettled irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in April 2023. The same has been resolved as on 29 Feb. 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	100
	Total	-	-	-	-

The detailed status of unsettled irregularities reported to the Parliament in April 2023 which has been resolved as on 29 Feb. 2024 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1 Investment without looking at going concern issues and viability of the project

The Bank of Bhutan Limited, Corporate Office, Thimphu had invested Nu. 175.425 million in two projects M/s Golden Resort and M/s View Point Resort without exercising due diligence in verifying the viability of projects and in ensuring sound legal aspects. Both projects had serious going concern issues. The bank has reported that in the case of M/s Golden Resort, based on the court verdict the bank has realised the primary securities, and initiated auction of secondary securities. In case of M/s View Point Resort, the case is under review by the ACC. *(AIN: 14054; Para: 2; Accountabilities: Direct: Dophu Dorji, Chief Corporate and Private Banking, CID No. 10103000520; Karma Dema, Chief Credit Officer, CID No. 11311001206; Supervisory: Karma Dema, Chief Credit Officer, CID No. 11311001206).*

Status: Observation settled.

It pertains to viewpoint Resort, Trongsa where the Dzongkhag Court, Trongsa rendered the judgment and defendant had appealed to High Court.

The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where the BoBL reported that subsequent to the High Court's Judgement rendered on 6th August 2021, with regard to Trongsa Land Case involving the Viewpoint Resort, the Bank has put up an application to the Supreme Court on 26th August 2021 for recovery of the loan since the borrower has appealed to the Supreme Court pertaining to his case with ACC. The Supreme Court ordered the Bank to route the recovery suit through the Dzongkhag Court and accordingly the same was submitted on 30th August 2021. The Dzongkhag Court did not accept the registration of the recovery suit of the Bank stating that the case is sub judice (case still ongoing with ACC). The Bank stated that they have no alternative than to wait for the judgement from the Supreme Court. As for the issue of M/s Golden Resort it remains status quo until all the accounts are settled. Further, BoBL stated that they will follow-up with the pending case of M/s View Point Resort to expedite the same.

As per the latest update received from the bank vide letter No. 000/IAD/2023-03/036 dated 9/3/2023 the Court has ordered the Office of Attorney General to initiate restitution of the land along with the resort to the government within six months from the date of the judgement. The amount restituted to the government should be deposited in the loan account and in case of the deficit; bank to take over the property on lease untill liquidation of the loan as per section 306 of Land Act.

Further, the Royal Court of Justice, Commercial Bench-I, Dzongkhag court on 27th January 2023 vide Judgement No.(T/phu23/153) rendered the Judgment decree wherein, the Bank was ordered to freeze the loan interests from the date of Judgement, in suit of ACC Vs Lhab Dorji (Trongsa Court). The OAG to initiate the land and building restitution to the government within 6 months from the date of judgement, amount recovered from the restitution of loan accounts and incase if any issue of deficits, the bank to take over the lease property from the state and the same to be enforced within six months w.e.f 27/07/2023, from the day, the court order was issued.

However, as per the PM office through the Ministry of Finance sent an official for ascertaining the details of the loan outstanding and the Acting Finance Secretary requested the bank to provide the loan outstandings. The implied preliminary offer that the government may pay the bank Nu. 150 million. The same was deliberated during the management meeting. The Acting Finance Secretary vide letter ref. No. 780 dated 6th October 2023 advised the bank to prepare to take over the property while the Finance Ministry would work with the NLC for leasing out the land. To this the bank responded by submitting that the offer of Nu. 150 million be compensated instead of the Bank leasing the property vide their letter reference No. 441 dated 10/10/2023.

As per the decision of the Advisory Committee of the RAA, this case has been resolved from the system and the AAR Review Report, in view of the fact that final verdict has already been passed by the Royal Court of Justice. However, the case has been maintained separately by the RAA for future reference and follow-up.



**REVIEW STATUS REPORT OF
ANNUAL AUDIT REPORT 2017**

(As of 29 February 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2017

The Royal Audit Authority submitted the review report of the Annual Audit Report 2017 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The Review Report had total significant unsettled irregularities of Nu.53.627 million consisting of Nu.35.593 million against budgetary agencies and Nu.18.034 million against Non-Budgetary Agencies as of 31 March 2023.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-ups at various levels, and subsequently, irregularities amounting to Nu.3.604 million against Budgetary Agencies were settled leaving a balance of Nu.31.989 million, however, the Non-budgetary Agencies did not settle any irregularities as of 29 February 2024 as shown in the table below.

Table: Showing agency-wise irregularities settled and balances as of 29 February 2024.

Sl. No.	Agencies	Unresolved irregularities reported as of 31/03/2023 (Nu.in Million)	Irregularities settled as of 29/02/2024 (Nu.in Million)	Balance irregularities as of 29/02/2024 (Nu.in Million)	Percentage of irregularities settled as on 29/02/2024
1	Ministries	11.746	0.665	11.081	5.66
2	Dzongkhags	0.199	0.199	0.000	100.00
3	Gewogs	4.806	2.740	2.066	57.01
4	Autonomous Agencies	18.842	-	18.842	-
Total Budgetary Agencies-A (1 to 4)		35.593	3.604	31.989	10.13
5	Non Governmental Organizations	18.034	-	18.034	-
Total Non-Budgetary Agencies - B (5)		18.034	-	18.034	-
Grand Total (A+B)		53.627	3.604	50.023	6.72

As transpired from the table above, out of the total unsettled irregularities of Nu.53.627 million remaining unsettled as of 31 March 2023, irregularities amounting to Nu.3.604 million were settled leaving a balance of Nu.50.023 million as of 29 February 2024. The detailed review report of the irregularities settled and outstanding balances as of 29 February 2024 are given below.

PART-II DETAILED REVIEW REPORT

1.1.1. MINISTRIES

1.1.1.1. MINISTRY OF WORKS AND HUMAN SETTLEMENT

Out of the total unsettled irregularities of Nu.5.255 million (status as of 31 March 2023) reported to the Parliament in April 2023, the Ministry of Works and Human Settlement had not settled any irregularities as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament af on 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	5.255	-	5.255	-
	Total	5.255	-	5.255	

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 as discussed below:

1. Shortfalls, lapses, and deficiencies - Nu.5.255 million

1.1. OUTSTANDING ADVANCES - NU.5.255 MILLION

- a) The Department of Engineering Services had overdue advances amounting to Nu.5.253 million against officials. Public Works Advances of Nu.1.164 million were given for 'Kalikhola River Protection Works', and Nu.4.089 million for 'Bomdeling Flood Protection Works' during the financial year 2016-2017. The accumulation of huge outstanding advances had occurred due to a lack of proper follow-up mechanisms over the releases of funds and progress of works as well as submission of adjustment accounts. *AIN: 14797; Observation: 1; Accountabilities: Direct: Prakash Gurung, Assistant Engineer-III, EID No.200508202; Nima Wangdi, Engineer, EID No.20150105088; Supervisory: Phub Rinzin, Chief Engineer (Director) EID No. 9207069; Pema, Executive Secretary, EID No. 9801096; Tashi Gyeltsen, Drungpa, EID No. 9208036; Tshering Wangchuk, Dzongkhag Engineer, EID 9307023.*

Status: *Observation not settled.*

The unsettled balance of Nu.5.255 million reported earlier remained unsettled as of 31 August 2021. The issue was deliberated during the PAC consultative meeting held on 31 August 2021 in the NC conference hall, Thimphu and MoWHS reported the following:

- i) *Supreme Court has upheld the judgement passed by the High Court directing the contractor to pay Nu. 1.662 million to the government. However, the amount was not paid, so MoWHS shall be initiating for judgement enforcement appeal.*

ii) The case on Trashiyangtse Dzongkhag-Bomdeling Flood Protection works was terminated by Dzongkhag and the contractor was to report to Dzongkhag for the settlement of the final bill. As per the DES letter No.DES/FEND/34/2020-2021/882 dated 11/09/2020 the case has been forwarded to the Dzongkhag Court for legal action.

The Chief Engineer, MoWHS reported that the contractor has an ongoing contract work of blacktopping with the Dzongkhag Administration and has agreed to settle the dues from the final bills of the present ongoing work.

The PAC directed MoWHS to submit to RAA the copy verdicts passed by the court and the agreement signed between the contractor and the dzongkhag administration for deducting the amount from the ongoing works by 30 Sept. 2021.

The status of the observation as of 31 March 2023 stands as follows:

This case pertains to Lhamoizingkha Dungkhag. As per Supreme Court Verdict No. Ngontho-OM-20-295 dated 25/05/2021, the contractor, M/s Mindu Construction Pvt. Ltd. has to retribute an amount of Nu.11,63,807.00 to the Lhamoizingkha Dungkhag. The Supreme Court upheld the verdict passed by the High Court vide verdict No. Drang Mang -20-84 dated 27/07/2020.

In the case of Trashiyangtse Dzongkhag-Bomdeling Flood Protection works an excess payment of Nu. 4,089,000.00 stands recoverable from the contractor. The RAA has sent a reminder vide letter No.RAA/FUCD(E2)DES/2020/2259 dated 16/12/2020 & RAA/FUCD(E1)MoWHS-Sect/2021/420 dated 23/04/2021.

The RAA issued the 6th Follow-up Report vide Letter No. RAA/FUCD/(E-32)/DES-MoWHS/2023/1001, dated 05/12/2023. However, the outstanding advances of Nu.5.253 million are not yet settled as of the date.

1.1.1.3. MINISTRY OF FINANCE

The Ministry of Finance had unsettled irregularities of Nu.4.897 million (status as of 31 March 2023) reported to the Parliament in April 2023. It remained unresolved as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Mismanagement	4.897	-	4.897	-
	Total	4.897	-	4.897	

The details of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Mismanagement – Nu.4.897 million

1.1. OVERDUE TAXES - NU.4.897 MILLION

The following Regional Revenue and Customs Offices had outstanding revenue aggregating Nu.10.664 million. Some amounts were outstanding for over two years. There is thus, a need for further strengthening the follow-up mechanisms to ensure timely realisation of taxes.

- a) Regional Revenue and Customs Office, Thimphu had 20 cases of outstanding Business Income Tax (BIT) and 3 cases of outstanding Corporate Income Tax (CIT) amounting to Nu.4.449 million from various business units. The business units/taxpayers had failed to pay the BIT and CIT even after serving reminders. *AIN: 14388; Observation: 2; Accountabilities: Direct: Kencho Dorji, Joint Collector, EID No. 200401096; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072.*

Status: *Observation not settled.*

As per the RAA record, out of the total amount of Nu.4.449 million of overdue taxes; Nu.3.551 million had been settled leaving a balance of Nu.0.898 million unsettled as of 30 Sept. 2021.

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, MoF was instructed to initiate an appropriate way forward within April 2023 to resolve the issues and share a copy of their action taken report with RAA.

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in the NA conference hall, Thimphu where the Legal Officer reported that the cases of failure to collect taxes are related to defunct businesses whereby the businessman shifts his business to another. MoF has been continuously following up to resolve this issue. In the case of M/s Yoedbar Trading and M/s Druk Zorig Gongphel Construction, the MoF has decided to take legal recourse.

The PAC directed the Ministry to initiate legal recourse immediately against the accountable entities and report the outcome to RAA.

Despite follow-up efforts by the current audit team and the issuance of subsequent reports vide audit report No.RAA/GGD/MoF(RRCO-Thimphu)/05/2022-23/2433(AIN: GGD-2022-498) dated 03/01/2023, the remained unsettled. As of 29 February 2024, the outstanding balance of Nu. 0.898 million remains unsettled. According to the follow-up, these cases are still awaiting legal action from the Legal Division, DRC, MoF.

- b) Regional Revenue and Customs Office, Thimphu had not collected Bhutan Sales Tax (BST) amounting to Nu.0.623 million from ten business units including hotels, resorts, restaurants, and cable services. The taxes were due for periods ranging from 12 months to 18 months at the time of audit in January 2017. *AIN: 14388; Observation: 1; Accountabilities: Direct: Rinzin Wangmo, Deputy Collector, EID No. 200501079; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072.*

Status: Observation not settled.

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoF to send a letter to the proprietor of M/s Gaurda Inn within April 2023 to recover the balance amount. Concerning M/s Mid Point Hotel, it was reported that MoF had exhausted all the legal processes to recover the balance amount.

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in the NA conference hall, Thimphu where the Legal Officer of MoF reported that as per the latest follow-up with Gauruda Inn, the accountable person has sought a time extension. In the case of Mid-point, the whereabouts of the accountable person were unknown. It was heard from the sources that the accountable person is living in Sikkim. MoF has been following up with her relative but no positive response has been received.

It was decided that MoF should review the letter received from Gauruda Inn requesting for time extension and report the status by 30 Sept. 2021 and MoF should take legal action against Mid-point.

Despite responses outlined in response letter No. RRCO/RAAS/TH/Audit Report/11/2021/920 dated 7/10/2021, and follow-up efforts by the current audit team, including the issuance of a subsequent follow-up report along with audit report No.RAA/GGD/MoF(RRCO-Thimphu)/05/2022-23/2433 (AIN GGD-2022-498) dated 03/01/2023, the case remains pending with the Legal Division, DRC, MoF for potential legal action.

As of 29 February 2024, the observation remains unresolved as Nu. 0.623 million remains unrecovered.

- c) Regional Revenue and Customs Office, Thimphu had not collected Bhutan Sales Tax (BST) amounting to Nu.4.490 million from various business units. *AIN: 14877; Observation: 2; Accountabilities: Direct: Rinzin Wangmo, Deputy Collector, EID No. 200501079; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072*

Status: Observation not settled.

The unsettled balance stands at Nu.3.376 million. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu had directed the DRC to share the latest update of the action taken report with RAA within April 2023.

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in the NA conference hall, Thimphu where the Legal Officer reported that the cases of failure to collect taxes are related to defunct businesses whereby the businessman shifts his business to another. MoF has been continuously following up to resolve this issue. The PAC directed the Ministry to initiate legal recourse immediately against the accountable entities and report to RAA.

The observation remained unsettled as the balance outstanding of Nu.3.376 million reported earlier remained as it is as of 31 March 2023. As per the response received

from the RRCO vide letter No.RRCO/RAAS/TH/Audit Report/11/2021/920 dated 7/10/2021 the case was reported to be still with the Legal Division of MoF.

A follow-up report was issued along with audit report AIN GGD-2022-498 issued vide No.RAA/GGD/MoF (RRCO-Thimphu)/05/2022-23/2433 dated 03/01/2023.

This pertains to M/S Yoedhar Trading - The Supreme Court vide its judgement no. Thrimchhoe Ang (Nganthe om 22-221) dated 12.06.2023 upheld the judgement of the High Court. Therefore, the unit is liable to pay sales tax amounting to Nu. 3,375,000.00 along with 24% penal interest of Nu.1,558,211.51 accrued till 02/12/2016 within a month from the judgement date. However, the taxpayer informed the legal that he would put up an appeal to His Majesty and the case is with the Legal Division, MoF.

- d) Regional Revenue and Customs Office, Paro had not collected Bhutan Sales Tax (BST) from five business units including hotels, homestays, and restaurants. The taxes were due for periods ranging from 6 to 12 months. *AIN: 14914; Observation: 2; Accountabilities: Direct: Yeshey Gyeltshen, Joint Collector, EID No. 200501082; Supervisory: Bimal Kumar Pradhan, Regional Director, EID No. 9610074*

Status: Observation settled.

During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that out of 5 restaurants, 4 had paid all the due taxes and only one restaurant had failed to clear all the dues even after granting 12 months time extension. The Ministry was instructed to discuss with their legal section for future course of action and share the latest status update with RAA within April 2023. For the unsettled outstanding of Nu.0.153 against M/s. BT Gatshel the DRC has forwarded the case to the Legal Division of MoF vide letter No.DRC/STD/Dev/26/2020/239 dated 05/08/2020.

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer reported that the accountable person was at large. Since all means and ways had not been exhausted to trace the accountable person, no legal actions were initiated. The PAC directed the MoF to resolve this issue by 31 Oct. 2021 if not take legal recourse.

The RRCO Thimphu intimated vide letter No.RRCO/ADM-1-17/2020-21/233 dated 25/9/2020 that the case is under review for forwarding to the Court.

The observation was reviewed during the subsequent audit and it was reported that the case was registered at Paro District Court and the judgement has been passed ordering the taxpayer to settle the dues within four months. Accordingly, the taxpayer had deposited the tax amount vide RC532280573426 dated 14th October 2022. However, penal interest amounting to Nu. 73,287.54 remained due. The penal interest portion has been referred to the Paro District Court for enforcement as per the current audit report.

The observation settled, as the Taxpayer deposited the 24% penal interest amount of Nu.73,287.54 vide RC512387588642 dated 17/03/20.

1.1.1.2. MINISTRY OF AGRICULTURE AND FORESTS

The Ministry of Agriculture and Forests had total unsettled irregularities of Nu.1.594million (status as of 31 March 2023) reported to the Parliament in April 2023; out of which Nu.0.665 was settled leaving a balance of Nu.0.929 million as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Violation of laws	1.531	0.665	0.866	43.44
2	Shortfalls, lapses and deficiencies	0.063	-	0.063	-
	Total	1.594	0.665	0.929	41.72

The details of irregularities reported to the Parliament in April 2023, irregularities resolved thereafter and the unsettled balances as of 29 February 2024 are as discussed below:

1. Violation of Laws and Rules – Nu.1.531 million

There were cases of violation of laws and rules involving Nu.1.531 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as of 31/03/2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as of 29/02/2024 (Nu. in million)
1.1	Excess deposit into Refundable Deposit Accounts	0.795	-	0.795
1.2	Payment made without supporting documents	0.665	0.665	-
1.4	Excess payments on account of Deposit Work	0.071	-	0.071
	Total	1.531	0.665	0.866

The cases of violation of laws and rules are as indicated below:

1.1. EXCESS DEPOSIT INTO REFUNDABLE DEPOSIT ACCOUNTS - NU.1.171 MILLION

The Jigme Dorji National Park, Damji had made excess deposits amounting to Nu.1.171 million into the Refundable Deposit Accounts. The management had reported receipts amounting to Nu.0.173 million on account of deduction/recovery of refundable deposit during the year from contractors/suppliers but had deposited Nu.1.344 million into the refundable deposit account from the overall savings of the budgetary fund with a resultant reduction of year-end fund balance to the extent of Nu.1.171 million. *AIN: 15004; Observation: 2.1; Accountabilities: Direct: Note: accountability transferred to Sonam Wangchuk from Tshering Wangchuk, Accountant, EID No. 200207191 as per court verdict; Supervisory: Namgay, Offtg. CFO, EID No. 9810002.*

Status: Observation not settled.

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold a meeting with Jigme Dorji National Park in the

presence of accountable officials within December 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to the upcoming winter session of the Parliament and initiate thorough deliberation.

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

Accordingly, RAA compiled the dues as per the request of MoAL and submitted them to MoAL for litigation in the Gasa Dzongkhag Court. Subsequently, Gasa Dzongkhag Court issued a verdict No. Gasa22-162 dated 29/11/2022 ordering to recover Nu.794,592.56 inclusive of 24% penalty from Sonam Wangchuk, Ex-Accountant within 24/02/2023. However, the amount was not recovered as of 31 March 2023 so the issue remained unresolved.

Against the observation amount of Nu.1,171,363.08, the RAA has reviewed the ATR response of MoAL vide letter Nos. MoAF/LD/7/2022-23/05, dated: 20/07/2023. Further, the RAA reviewed the judgment from the Royal Court of Justice, Gasa District Court, referenced as Judgement No. (Gasa22.162), dated 29/11/2022, which resulted in Nu. 376,410.52 being considered as dropped, thus leaving a remaining balance of Nu. 794,592.56.

However, concerning the 24% penalty accumulated as of the date in our system, the RAA's Advisory Committee had reviewed the status and considered dropping the accumulated penalty amount during the 73rd Advisory Committee Meeting held at RAA, HQ on 18th July 2023 as the defaulter was terminated from the service.

1.2. PAYMENT MADE WITHOUT SUPPORTING DOCUMENTS - Nu.0.665 MILLION

The Jigme Dorji National Park, Damji had failed to produce relevant supporting documents for expenditures aggregating to Nu.0.665 million. The various expenditures include payments of TA/DA, meeting expenses, purchase of office stationery, remittance of 2% TDS to RRCO, and 10% security deposits recovered and deposited into ARA. These violated financial rules and regulations. The lapses had occurred apparently due to a lack of proper supervision and monitoring over the accounts personnel, which is indicative of a lack of internal controls and the failure to exercise due diligence while approving the payments. *AIN: 15004; Observation: 1.1; Accountabilities Direct: Note: accountability transferred to Sonam Wangchuk from Tshering Wangchuk, Accountant, EID No. 200207191 as per court verdict; Supervisory: Lhendrup Tharchen, Ex-CFO and Namgay, Offtg. CFO, EID No.200801028 and 9810002.*

Status: Observation settled.

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold a meeting with Jigme Dorji National Park in the

presence of accountable officials within December 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to the upcoming winter session of the Parliament and initiate thorough deliberation.

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

Accordingly, RAA compiled the dues as per the request of MoAL and submitted them to MoAL for litigation in the Gasa Dzongkhag Court. Subsequently, Gasa Dzongkhag Court issued a verdict No. Gasa22-162 dated 29/11/2022 ordering to restitute Nu. 1,311,934.31 inclusive of 24% penalty from Sonam Wangchuk, Ex-Accountant within 24/02/2023.

Based on the judgment from the Royal Court of Justice, Gasa District Court (Judgement no. Gasa22.162, dated: 29/11/2022), the response received from the Ministry of Agriculture and Livestock (MoAL) in letter no. MoAF/LD/7/2022-23/05, dated 20/07/2023, and the corresponding document JDNP/Acc-06/2022-23/418, dated 10/04/202, along with the amount deposited into the ARA on 14/09/2023 vide RAA's Money Receipt No. 02943, dated: 14/09/2023, by Mr. Sonam Wangchuk, former accountant of JDNP, Damji, Gasa, the observation is now considered settled.

However, concerning the 24% penalty accumulated as of the date in our system, the RAA's Advisory Committee reviewed the status and considered and dropped the penalty during our 73rd Advisory Committee Meeting held at RAA, HQ dated 18th July 2023 as the defaulter was terminated from the service.

1.4 EXCESS EXPENDITURE ON ACCOUNT OF DEPOSIT WORK - Nu.0.071 MILLION

The Jigme Dorji National Park, Damji had booked an expenditure for deposit works amounting to Nu.1.856 million against a Non-Revenue release of Nu.1.773 million received for deposit works with the resultant excess expenditure of Nu.0.083 million. Instead of obtaining equivalent release from client agencies and DPA, the differential payments were met from the normal budgetary release. The excess payment pertained to expenses incurred for the TA/DA of officials and expenses on the Good Governance Meeting at Gasa Dzongkhag. *AIN: 15004; Observation: 2.3; Accountabilities: Direct: Note: accountability transferred to Sonam Wangchuk from Tshering Wangchuk, Accountant, EID No. 200207191 as per court verdict; Supervisory: Namgay, Offtg. CFO, EID No. 9810002.*

Status: *Observation not settled.*

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold a meeting with Jigme Dorji National Park in the

presence of accountable officials within December 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to the upcoming winter session of the Parliament and initiate thorough deliberation.

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

Accordingly, RAA had compiled the dues as per the request of MoAL and submitted them to MoAL, and out of the total amount of Nu.82,990.85; Nu.12,000/- was settled based on the response and documents produced by the Ministry and the balance of Nu.70,990.85 was agreed to be recovered. The case for Nu.70,990.85 was put up to the Gasa Dzongkhag Court and a verdict No. Gasa22-162 dated 29/11/2022 was issued ordering to restitute Nu.140,169.00 inclusive of a 24% penalty from Sonam Wangchuk, Ex-Accountant within 19/09/2022. However, the amount was not restituted as of 29 February 2024 and the issue remained unresolved.

3. Shortfalls, lapses, and deficiencies – Nu.0.063 million

There were cases of shortfalls, lapses, and deficiencies involving Nu.0.063 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as of 31/03/2023 (Nu. in million)	Settled (Nu. in million)	Unsettled - 29/02/2024 (Nu. in million)
3.2	Excess/Inadmissible/Double Payments	0.033	-	0.033
3.5	Irregular adjustments of advances	0.030	-	0.030
	Total	0.063	-	0.063

The cases of shortfalls, lapses, and deficiencies are as indicated below:

3.2 Excess/Inadmissible/Double Payments Nu.0.033 Million

- a) The Jigme Dorji National Park, Damji had made double payments of Nu.0.033 million on account of TA/DA and mileage claims due to improper verification of claims by the accountant and non-maintenance of travel register. *AIN: 15004; Observation: 3.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002.*

Status: *Observation not settled.*

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold a meeting with Jigme Dorji National Park in the presence of accountable officials within December 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing

which the matter would be submitted to the upcoming winter session of the Parliament and initiate thorough deliberation.

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

Accordingly, RAA compiled the outstanding dues and submitted them to MoAL as per the request made by the MoAL for registering a case in the Gasa Dzongkhag Court. Subsequently, the Gasa District Court issued a verdict, No. Gasa22-162 dated 29/11/2022 ordering to restitute Nu.64, 922.50 inclusive of 24% pa penalty from Tshering Wangchuk, Ex-Accountant, and deposit it with the RAA within 3 months upon issuance of Court Verdict i.e. within 24/02/2023. However, the amount remained unrecovered as of 29 February 2024.

3.1. IRREGULAR ADJUSTMENTS OF ADVANCES - NU.0.030 MILLION

The Jigme Dorji National Park, Damji had shown adjustment of entire advances amounting to Nu.0.433 million as against the entitled travel claims of Nu.0.403 million with resultant irregular adjustment by Nu.0.030 million for monitoring of Cordyceps harvesting activities for the Financial Year 2016-2017. The concerned dealing official had not exercised due diligence while making payments/adjustments of advances for officials. *AIN: 15004; Observation: 3.2; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200807278; Supervisory: Namgay, Offtg. CFO, EID No. 9810002.*

Status: Observation not settled.

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold a meeting with Jigme Dorji National Park in the presence of accountable officials within December 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to the upcoming winter session of the Parliament and initiate thorough deliberation.

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

Accordingly, RAA compiled the outstanding dues and submitted them to MoAL as per the request made by the MoAL for registering a case in the Gasa Dzongkhag Court. Subsequently, Gasa Dzongkhag Court issued a verdict, No. Gasa22-37 dated 24/06/2022 with an order to restitute Nu.58,053.14 inclusive of 24% pa penalty

from Sonam Wangchuk, Ex-Accountant within three months from the date of verdict. However, the amount remained unrecovered as of 29 February 2024.

1.1.2.1. DZONGKHAG ADMINISTRATION, TRONGSA

Dzongkhag Administration, Trongsa had a total unsettled irregularity of Nu.0.136 million (status as of 31 March 2023) reported to the Parliament in April 2023. However, it was settled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Resolved
1	Mismanagement	-	-	-	-
2	Violation of laws and rules	0.136	0.136	0	100.00
	Total	0.136	0.136	0.000	100.00

The details of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Mismanagement

The case of mismanagement is as indicated below:

1.2. LAPSES IN THE OPERATION OF THE DECENTRALIZATION SUPPORT PROGRAMME FUND

The Department of Local Governance, MoHCA through the Dzongkhag Administration, Trongsa had allocated the *UNDP, UNCDF, SNV, and Danida funded 'Decentralization Support Programme' (DSP)* fund to Drakteng Gewog for the establishment of the dairy farm in October 2003. Upon completion of the project in December 2006, the Revolving Fund Account was maintained. The DSP fund was utilised as interest-free loans to beneficiaries for the purchase of jersey cows and the beneficiaries were required to repay the amount in three installments in three years.

However, there were lapses in the operation of the Revolving Fund as there was no documentation and details such as operational guidelines or terms of references, bank statements. The total funds made available to Gewog or released by the donors were also not documented by the Gewog office or the Livestock Sector of the Dzongkhag. Proper books of accounts were neither maintained by the Dzongkhag Administration nor the Gewog Administration.

The bank balance as of 29th November 2016 was Nu.0.015 million against the total fund of Nu.2.100 million received (as acknowledged by the Gewog officials) for which there were no supporting documents. Out of the total fund, Nu.0.584 million was utilized for the construction of the ORC & Retention Wall at Tashidingkha. The Dzongkhag Administration as a central authority has been advised to initiate appropriate review and confirm the status of the funds. *AIN: 14570; Observation: 25; Accountabilities: Direct: Galey Chophel, Ex-Gup, EID. 9912537u; Supervisory: Kinzang Dorji, Gup, CID No.11701001704.*

Status: Observation Not Settled.

The PAC consultative meeting held at Gelephu on 9 September 2019 directed the Dzongkhag and Gewog authorities to conduct a thorough review of the issues and submit relevant documents to OAAG Bumthang within the same month, which remains to be submitted. Direct accountability was transferred from Kinzang Dorji, Gup to Galey Chophel, Ex-gup, as it pertained to observation from the tenure of Galey Chophel, Ex-gup as per letter No.DGA/53/2019-2020/155 dated 11/09/2019 of the Dragten Gewog Adm. and also as per the decision of the consultative meeting held at Gelephu with PAC Members & Trongsa Dzongkhag.

The issue was redeliberated during the subsequent PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that they believed that this issue was resolved, however, it was acknowledged that there were lapses from the Gewog Administration, Dragten for not maintaining proper documentation for the same. Despite several attempts, documents could not be traced but is yet to be completed. It was decided that Gewog Administration in consultation with RAA Bumthang should recast the complete cash book and resolve this issue by 31st August 2021.

Follow-up reminder report issued vide RAA-Bt/Fus-03/2023/130 dated 20/11/2023. However, as of 29 February 2024, the observation remained unsettled.

2. Violation of Laws & Rules – Nu.0.136 million

The cases of violation of laws & rules are as indicated below:

2.4. NON/SHORT LEVY OF LIQUIDATED DAMAGES - Nu.0.136 MILLION

- a) The Dzongkhag Administration, Trongsa had not levied liquidated damages amounting to Nu.0.136 million for delays in completion of the construction of MonmaygangJueg Irrigation Channel at Nimshong. The contract period was from 7th November 2015 to 7th October 2016 and at the time of audit in November 2017, the work was still incomplete. *AIN: 14570; Observation: 2(b); Accountabilities: Direct: Dorji Phuntscho, EID No. 20140103501; Supervisory: Karma Wangdi, ADAO, EID No.9007094.*

Status: Observation settled.

The PAC consultative meeting held in Gelephu on 9 September 2019 directed the Dzongkhag to inform the contractor to refund the amount.

The issue was redeliberated during the subsequent PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that the LD amount was yet to be recovered despite follow-up made with the contractor. The case was submitted to the legal officer on 5 Feb. 2020 but is yet to be forwarded to the Royal Court of Justice. The PAC directed the Dzongkhag Administration to take legal recourse to recover the same by 31 Aug. 2021.

The observation was settled based on justification submitted by Dzongkhag Admin., Trongsa vide letter DAT/DE&HS/26-2023-2024/447 dated 30/10/2023

1.1.2.2. DZONGKHAG ADMINISTRATION, DAGANA

The Dzongkhag Administration, Dagana had unsettled irregularity of Nu.0.063 million (status as of 31 March 2023) reported to the Parliament in April 2023. However, it was settled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Resolved
1	Violation of laws and rules	0.063	0.063	0	100.00
	Total	0.063	0.063	0	100

The details of irregularity reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as discussed below:

1. Violation of Laws & Rules – Nu.0.063million

1.1. NON-DECLARATION AND LATE SUBMISSION OF ASSET DECLARATION – Nu.0.063 MILLION

Three officials of the Dzongkhag Administration, Dagana had not submitted their Asset Declarations for the years 2014 and 2015 as required under the Asset Declaration Rules 2012. The officials were liable to pay a penalty amount of Nu.0.189 million as per the Asset Declaration Rules at the time of the audit on 15th October 2016. *AIN: 14526; Observation: 4.1; Accountabilities: Direct: Kinley Tenzin, VP, EID No. 200502024; Supervisory: Sonam Yangzom, HRO EID No.201101023.*

Status: *Observation settled.*

Although observation against Sonam Jamtsho and Kinga Singye was settled based on a review of the justification, the case against Kinley Tenzin with the involvement of Nu.0.063 million remained unsettled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 and it was decided that the Dzongkhag Administration should inform Kinley Tenzin to deposit the amount of Nu. 63,000/- along with penalty into Audit Recovery Account by 31 Aug. 2021 if not legal recourse should be taken by the Dzongkhag Administration.

RAA deliberated the issue in the 9th Follow-up Committee Meeting held on 6 Oct. 2021 and the committee decided to waive off the 24% p.a. penalty, however, the recoverable principal amount of Nu.0.063 million remained unsettled as of 31 March 2023 was recovered vide receipt No. A00716 dated 02/06/2023.

1.1.3. GEWOGS ADMINISTRATION

GEWOGS ADMINISTRATION UNDER PARO DZONGKHAG

I. WANGCHANG

The Gewog Administration, Wangchang had a total unsettled irregularities of Nu.0.980 million (status as of 31 March 2023) reported to the Parliament in April 2023. The irregularities remained unsettled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as of 29/02/2024	% Resolved
1	Mismanagement	0.500	-	0.500	-
2	Shortfalls, lapses and deficiencies	0.480	-	0.480	-
	Total	0.980	-	0.980	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Mismanagement – Nu.0.500 million

There were cases of mismanagement involving Nu.0.500 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as of 31/03/2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as of 29/02/2024 (Nu. in million)
1.1.	Irregularities in providing and fixing 30 HP Centrifugal Pumps	Unsettled	-	Unsettled
1.2.	Unjustified & extravagant payment for 30HP Electric Motor pumps – Nu.0.500	0.500	-	0.500
	Total	0.500	-	0.500

The cases of mismanagement are as indicated below:

1.1. IRREGULARITIES IN PROVIDING AND FIXING WATER PUMPS AND HDPE PIPES

The Centrifugal Pumps with the specification of one 50-horsepower (HP) electric motor pump were found changed to two 30-HP electric motor pumps and the diameter of HDPE pipes was increased from the specified 180mm to 200mm. *AIN: 14596; Observation: 1.6; Accountabilities: Direct: Kencho Wangdi, Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.*

Status: Observation not settled.

The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey to Ex-Gup the Committee's desire to conduct either a public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested that RAA resolve this issue with the submission of the work completion report by the Gewog Administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021, the RAA has written a letter No.RAA/FUCD(R18)2021/1677 dated 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest. A Follow-up report No.RAA/FUCD(R18) WangchangGw/2022/1624 dated 12/9/2022 was issued reminding the Gewog Administration to take action to resolve the issue.

Further, a Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag, officials of the Dzongkhag and Gewogs where the RAA Team was informed by the former Wangchang Gup that they encountered difficulties in tracing M/s Ghana Construction, and the Site Engineer was also transferred to DOR, Tingtibi. Efforts were made to contact the Site Engineer for follow-up, but he requested an official letter for relief from his office and did not turn up. The former Wangchang Gup emphasized that the Site Engineer holds direct accountability for the matter. Additionally, he mentioned that the drawing for the construction of the water pump was prepared by the Ministry of Agriculture and Forests (MoAF), and the Ministry of Works and Human Settlement (MoWHS) Secretary assured that the work would be completed.

Furthermore, the present Wangchang Gup informed the RAA Team that the case was reviewed by the Public Accounts Committee of the Parliament. The review meeting decided that the proprietor of M/s. Ghana Builders, Thimphu, will be registered as a missing person, while the case of Kencho Wangdi, the Site Engineer, will be handled separately. In the meantime, the observation shall remain unresolved until such time that the issue is being dealt with as per the rules and regulations of the country and brought to a proper conclusion. The issue remained unresolved as no further developments were reported by the Gewog as of 29 February 2024.

1.2. UNJUSTIFIED & EXTRAVAGANT PAYMENT FOR 30HP ELECTRIC MOTOR PUMPS – Nu.0.500 MILLION

The Gewog Administration had procured two 30 HP electric motor pumps at Nu.0.500 million (Nu.0.250 million each) against the specification of one 50 HP electric motor pump with a quoted rate of Nu.0.065 million which had additional financial implication of Nu. 0.435 million. This resulted in an unjustified & extravagant payment for one 30 HP electric motor pump. The lapses had occurred apparently due to the laxity of the dealing officials in exploring the most competitive prices when the rate for the alternative pump was abnormally high. *AIN: 14596; Observation: 1.7 & 1.8; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.*

Status: *Observation not settled.*

The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey to Ex-Gup the Committee's desire to conduct either a public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested that RAA resolve this issue with the submission of the work completion report by the Gewog Administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021, the RAA has written a letter No.RAA/FUCD(R18)2021/1677 dated 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest. A Follow-up report No.RAA/FUCD(R18) WangchangGw/2022/1624 dated 12/9/2022 was issued reminding the Gewog Administration to take action to resolve the issue.

Further, the Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by DASHO DZONGDAG, officials of the Dzongkhag and Gewogs where the RAA Team was informed by the former Wangchang Gup that they encountered difficulties in tracing of M/s Ghana Construction, and the Site Engineer was also transferred to DOR, Tingtibi. Efforts were made to contact the Site Engineer for follow-up, but he requested an official letter for relief from his office and did not turn up. The former Wangchang Gup emphasized that the Site Engineer holds direct accountability for the matter. Additionally, he mentioned that the drawing for the construction of the water pump was prepared by the Ministry of Agriculture and Forests (MoAF), and the Ministry of Works and Human Settlement (MoWHS) Secretary assured that the work would be completed. Furthermore, the present Wangchang Gup informed the

RAA Team that the case was reviewed by the Public Accounts Committee of the Parliament.

The review meeting decided that the proprietor of M/s. Ghana Builders, Thimphu, will be registered as a missing person, while the case of Kencho Wangdi, the Site Engineer, will be handled separately. In the meantime, the observation shall remain unresolved until such time that the issue is being dealt with as per the rules and regulations of the country and brought to a proper conclusion. The issue remained unresolved as no further developments were reported by the Gewog as of 29 February 2024.

2. Shortfalls, lapses, and deficiencies - Nu.0.480 million

There were cases of shortfalls, lapses, and deficiencies involving Nu.0.480 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as of 31/03/2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as of 29/02/2024 (Nu. in million)
1.1.	Non-accountal of extracted materials	0.446	-	0.446
1.2.	Excess payment	0.034	-	0.034
1.3	Defective Work	Unsettled	-	Unsettled
	Total	0.480		0.480

The cases of shortfalls, lapses, and deficiencies are as indicated below:

I.1. NON-ACCOUNTAL OF EXTRACTED MATERIALS - NU.0.446 MILLION

The Gewog Administration, Wangchang had paid Nu.0.446 million on account of hard rock cutting at an analyzed rate of Nu.348.46 per cubic meter for 1,280.30 cubic meter (40% of 3199.94 cubic meter of earthwork excavation). However, the hard rock extracted was neither found accounted for in the 'Material at Site' (MAS) register, nor was the value of hard rock adjusted from the payments to the contractor. The lapses had occurred apparently due to negligence on the part of the Site Engineer in making necessary record entries in the MAS register. *AIN: 14596; Observation: 1.1; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.*

Status: *Observation not settled.*

The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey to Ex-Gup the Committee's desire to conduct either a public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept. 2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested

that RAA resolve this issue with the submission of the work completion report by the Gewog Administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021, the RAA has written a letter No.RAA/FUCD(R18)2021/1677 dated 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest. A Follow-up report No.RAA/FUCD(R18) WangchangGw/2022/1624 dated 12/9/2022 was issued reminding the Gewog Administration to take action to resolve the issue.

Further, the Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag, officials of the Dzongkhag and Gewogs where the RAA Team was informed by the former Wangchang Gup that they encountered difficulties in tracing M/s Ghana Construction, and the Site Engineer was also transferred to DOR, Tingtibi. Efforts were made to contact the Site Engineer for follow-up, but he requested an official letter for relief from his office and did not turn up. The former Wangchang Gup emphasized that the Site Engineer holds direct accountability for the matter. Additionally, he mentioned that the drawing for the construction of the water pump was prepared by the Ministry of Agriculture and Forests (MoAF), and the Ministry of Works and Human Settlement (MoWHS) Secretary assured that the work would be completed. Furthermore, the present Wangchang Gup informed the RAA Team that the case was reviewed by the Public Accounts Committee of the Parliament.

The review meeting decided that the proprietor of M/s. Ghana Builders, Thimphu, will be registered as a missing person, while the case of Kencho Wangdi, the Site Engineer, will be handled separately. In the meantime, the observation shall remain unresolved until such time that the issue is being dealt with as per the rules and regulations of the country and brought to a proper conclusion. However, the issue remained unresolved as no further developments were reported by the Gewog as of 29 February 2024.

I.2. EXCESS PAYMENT - Nu.0.034 MILLION

The Gewog Administration, Wangchang had made an excess payment of Nu.0.034 million for items of works not executed as per Bill of Quantities (BoQ). The lapses had occurred due to improper verification of the contractor's claims without ascertaining the actual quantity of work executed as per BoQ by the Site Engineer. *AIN: 14596; Observation: 1.4; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.*

Status: *Observation not settled.*

The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey to Ex-Gup the Committee's desire to conduct either a public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested that RAA resolve this issue with the submission of the work completion report by the Gewog Administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021, the RAA has written a letter No.RAA/FUCD(R18)2021/1677 dated 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest. A Follow-up report No.RAA/FUCD(R18) WangchangGw/2022/1624 dated 12/9/2022 was issued reminding the Gewog Administration to take action to resolve the issue.

Further, the Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by DASHO Dzongdag, officials of the Dzongkhag and Gewogs where the RAA Team was informed by the former Wangchang Gup that they encountered difficulties in tracing M/s Ghana Construction, and the Site Engineer was also transferred to DOR, Tingtibi. Efforts were made to contact the Site Engineer for follow-up, but he requested an official letter for relief from his office and did not turn up. The former Wangchang Gup emphasized that the Site Engineer holds direct accountability for the matter. Additionally, he mentioned that the drawing for the construction of the water pump was prepared by the Ministry of Agriculture and Forests (MoAF), and the Ministry of Works and Human Settlement (MoWHS) Secretary assured that the work would be completed. Furthermore, the present Wangchang Gup informed the RAA Team that the case was reviewed by the Public Accounts Committee of the Parliament.

The review meeting decided that the proprietor of M/s. Ghana Builders, Thimphu, will be registered as a missing person, while the case of Kencho Wangdi, the Site Engineer, will be handled separately. In the meantime, the observation shall remain unresolved until such time that the issue is being dealt with as per the rules and regulations of the country and brought to a proper conclusion. However, the issue remained unresolved as no further developments were reported by the Gewog as of 29 February 2024.

I.3. DEFECTIVE WORKS

The Gewog Administration, Wangchang had not directed the contractor to rectify defects noted in the Electric Water Pump system as follows:

- a. Cracks had developed and the layer of cement plaster on the floor and partition of the RRM wall of the Reservoir tank was peeling off;
- b. the HDPE pipe joints were found dislocated/detached at several joints; and
- c. The RRM wall and plinth protection at Water Pump House had developed major cracks.

The lapses had occurred due to poor workmanship and lack of proper supervision and monitoring of work by the concerned site supervisor. *AIN: 14596; Observations: 1.5 & 1.9;*

Accountabilities: Direct: Kencho Wangdi, Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.

Status: Observation not settled.

The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey Ex-Gup of the Committee's desire to conduct either a public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested that RAA resolve this issue with the submission of the work completion report by the Gewog Administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021 the RAA has written a letter No.RAA/FUCD(R18)2021/1677 dated 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest. A Follow-up report No.RAA/FUCD(R18) WangchangGw/2022/1624 dated 12/9/2022 was issued reminding the Gewog Administration to take action to resolve the issue.

Further, the Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by DASHO DZONGDAG, officials of the Dzongkhag and Gewogs where the RAA Team was informed by the former Wangchang Gup that they encountered difficulties in tracing M/s Ghana Construction, and the Site Engineer was also transferred to DOR, Tingtibi. Efforts were made to contact the Site Engineer for follow-up, but he requested an official letter for relief from his office and did not turn up. The former Wangchang Gup emphasized that the Site Engineer holds direct accountability for the matter. Additionally, he mentioned that the drawing for the construction of the water pump was prepared by the Ministry of Agriculture and Forests (MoAF), and the Ministry of Works and Human Settlement (MoWHS) Secretary assured that the work would be completed. Furthermore, the present Wangchang Gup informed the RAA Team that the case was reviewed by the Public Accounts Committee of the Parliament.

The review meeting decided that the proprietor of M/s. Ghana Builders, Thimphu, will be registered as a missing person, while the case of Kencho Wangdi, the Site Engineer, will be handled separately. The observation remains unresolved until the time the issue is dealt with as per the prevalent rules and regulations and brought to a logical conclusion.

1.1.3.1. GEWOGS ADMINISTRATION UNDER GASA DZONGKHAG

I. LAYA

The Gewog Administration, Laya had total unsettled irregularities of Nu.2.740 million (status as of 31 March 2023) reported to the Parliament in April 2023. However, it was settled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as of 29/02/2024	% Resolved
1	Shortfalls, lapses, and deficiencies	2.740	2.740	-	100
	Total	2.740	2.740	-	100

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Shortfalls, lapses, and deficiencies - Nu.2.740 million

There were cases of shortfalls, lapses, and deficiencies involving Nu.2.740 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as of 31/03/2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as of 29/02/2024 (Nu. in million)
1.1.	Payment of TA/DA claims without proper supporting documents	0.037	0.037	-
1.2.	Missing vouchers	2.703	2.703	-
	Total	2.740	2.740	-

The cases of shortfalls, lapses, and deficiencies are as indicated below:

1.1. PAYMENT OF TA/DA CLAIMS WITHOUT PROPER SUPPORTING DOCUMENTS - NU.0.037 MILLION

The Gewog Administration, Laya had made payments of Nu.0.037 million on account of TA/DA payments without any supporting documents. The official had not submitted the TA/DA bills, Travel Authorization, Travel Allowance Claim, Office Order, Tour Report, and most importantly the payments were made in cash. *AIN: 14814; Observation: 4; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200807278; Supervisory: Hament Gurung, Account Officer, EID No. 201201154; Lhakpa Tshering, CID No. 10403000672.*

Status: Observation settled.

The issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Punakha Dzongkhag where the Gewog Adm. reported that Sonam Wangchuk, Accountant, EID No. 200807278 has been directed by Ministry of Finance to compulsorily retire without any retirement benefits.

The RAA reported that as per the RAA's record, Sonam Wangchuk had served as an Accountant of the Dzongkhag Administration & Gewog of Gasa and Jigme Dorji National Park and has a record of such lapses in the past. The PAC directed the Dzongkhag Adm. to submit a copy of a letter received from MoF relating to the compulsory retirement of Sonam Wangchuk without benefits to RAA by 31 Aug. 2021 for review and appropriate decision.

A Follow-up report was sent vide letter No.RAA/FUCD(Q3-4)Gewog-Laya/2022/1452 dated 23/08/2022 reminding the Gewog Administration to take action to resolve the issue

However, as per the decision of the 81st RAA Advisory Committee Meeting, the observations was considered as settled vide issue of Follow-up Report No. RAA/FLSD (12-Gasa-Dz)/LayaGewog/2023/1057 dated 08/12/2023 considering the ground reality that he was convicted and terminated from the service with the obligation to restitute Nu. 19,66,812.38.

1.2. MISSING VOUCHERS - Nu.2.703 MILLION

The Gewog Administration, Laya had failed to produce 27 disbursement vouchers for Nu.2.703 million. The lapses had occurred apparently due to laxity on the part of the dealing accountant who had failed to hand over the accounting records to the next dealing person before his departure. Also, the management had neither attempted to recover the money nor taken any action against the official concerned. *AIN: 14814; Observation: 5; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200807278; Supervisory: Hament Gurung, Account Officer, EID No. 201201154.*

Status: Observation settled.

This issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Punakha Dzongkhag where the Gewog Adm. reported that Sonam Wangchuk, Accountant, EID No. 200807278 has been directed by Ministry of Finance to compulsorily retire without any retirement benefits.

The RAA reported that as per the RAA's record, Sonam Wangchuk had served as an Accountant of the Dzongkhag Administration & Gewog of Gasa and Jigme Dorji National Park and has a record of such lapses in the past. The PAC directed the Dzongkhag Adm. to submit a copy of a letter received from MoF relating to the compulsory retirement of Sonam Wangchuk without benefits to RAA by 31 Aug. 2021 for review and appropriate decision.

A Follow-up report was sent vide letter No.RAA/FUCD(Q3-4)Gewog-Laya/2022/1452 dated 23/08/2022 reminding the Gewog Administration to take action to resolve the issue.

However, as per the decision of the 81st RAA Advisory Committee Meeting, the observations was considered as dropped vide issue of Follow-up Report No. RAA/FLSD (12-Gasa-Dz)/LayaGewog/2023/1057 dated 08/12/2023 considering the ground reality that he was convicted and terminated from the service with the obligation to restitute Nu. 19,66,812.38.

II. LUNANA

The Gewog Administration, Lunana had total unsettled irregularities of Nu.0.038 million (status as of 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2023 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 29/02/2024	% Resolved
1	Shortfalls, lapses and deficiencies	0.038	-	0.038	-
	Total	0.038	-	0.038	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, lapses, and deficiencies – Nu.0.038 million

1.1. IRREGULAR ADJUSTMENT/PAYMENT – Nu.0.038 MILLION

The Gewog Administration, Lunana had made an excess payment of Nu.0.038 million due to an arithmetical error in the bill submitted by the Gewog Administrative Officer for repairing the drilling machine used in the construction of a farm road from Goentsephu to Ramina. The lapses had occurred apparently due to the negligence of concerned officials in processing the payments without proper scrutiny of the supporting documents. *AIN: 14809; Observation: 2.2; Accountabilities: Direct: Sherab Chopel, GAO, EID No. 200705080; Supervisory: Gyembo Tshering, Ex-Gup, CID NO. 10404000122; Kaka, Gup, CID No. 10404000432.*

Status: *Observation not settled.*

The Follow-up Reports were served vide letter Nos. RAA/FUCD(Q3-3)/Gewog-Lunana/2022/1451 dated 23/08/2022 and vide RAA/FLSD (12GASADz)/ Gewog-Lunana/2023/1058 dtd.08/12/23 for initiating the course of further action to resolve the issue. The issue remained unresolved as no further developments were reported by the Gewog as of 29 February 2024.

1.1.3.2. GEWOG ADMINISTRATIONS UNDER MONGGAR DZONGKHAG

I. SALING

The Gewog Administration Saling had unsettled irregularity of Nu.0.190 million (status as of 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Resolved
2	Shortfalls, lapses and deficiencies	0.190	-	0.190	-
	Total	0.190		0.190	

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

2. Shortfalls, lapses and deficiencies - Nu.0.190 million

The cases of shortfalls, lapses and deficiencies is as indicated below:

2.1. NON DEDUCTION OF REBATE OFFERED - Nu.0.190 MILLION

The Gewog Administration, Saling had not deducted Nu.0.303 million offered as lump sum rebate by the contractor in the construction of Meeting Hall at Lingmithang. The lapses had occurred apparently due to improper verification and certification of contractor's bills for payment by site engineer which is indicative of lack of internal controls. *AIN: 14568; Observation: 4(a); Accountabilities: Direct: Lobzang Tshering, JE, EID No. 200901074; Supervisory: Choney Dorji, Gup, CID No. 10704001091.*

Status: *Observation not settled.*

The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instructed the Gewog Administration to follow up with the Contractor to recover the rebate.

The issue was redeliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Gewog Adm. reported that the amount could not be recovered so far as the final bill was still pending as a case relating to this construction is under litigation in Mongar Court. The PAC advised the Gewog Administration to follow up with Mongar Court and submit an update to RAA by 31 Aug. 2021. A follow-up reminder letter was also served vide letter No.RAA/DAG/022/59 dated 25/08/2022 for taking action to resolve the issue.

A sum of Nu. 113,184.04 was deposited into ARA vide R/No.469051 dated 08/09/2017. However, as per the Mongar Court's verdict, a sum of Nu. 389,264.52 should be recovered from the contractor & deposit into ARA,

However, the contractor had deposited a sum of Nu. 25,911.00 vide R/No.02172 dated 15/07/2022, thereby leaving the balance amount of Nu. 375,272.16 and the reminder letter was served vide letter No.RAA/DAG/022/59 dated 25/08/2022. The issue remained unresolved as no further developments were reported by the Gewog as of 29 February 2024.

1.1.3.3. GEWOGS ADMINISTRATION UNDER SARPANG DZONGKHAG

I. GAKIDLING

The Gewog Administration, Gakidling had unsettled irregularity of Nu.0.742 million (status as of 31 March 2023) reported to the Parliament in April 2023. The irregularity remained unsettled as of 29 February 2024 is summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.742	-	0.742	-
	Total	0.742	-	0.742	

The status of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, lapses, and deficiencies – Nu.0.742 million

The case of shortfalls, lapses, and deficiencies is as indicated below:

1.1. NON-RECEIPT OF REFUND AGAINST EXCESS PAYMENT AND OTHER LEVIES ON TERMINATION OF THE CONTRACT - NU.0.742 MILLION

The Gewog Administration, Gakidling had terminated the contract for the construction of farm road from Char to Sarpang Seer vide letter *No.GA/PA-7(06)/2016-17/678* dated *14th October 2016* based on the decision of the 8th Dzongkhag Tender Committee Meeting held 10th October 2016.

Subsequently, the contractor was notified to refund the excess payment of Nu.0.811 million vide letter *No. GA/PA-7(06)/2016-17/701 dated 10/11/2016*. The valuation of work executed was worked out as Nu.3.344 million and the total payment till 30th October 2016 amounted to Nu.4.165 million i.e. Mobilisation Advance of Nu.0.570 million; 1st RA Bill of Nu.1.948 million; and 2nd RA Bill of Nu.1.647 million.

However, a review of the valuation of works executed and payments revealed that the total amount refundable by the contractor on termination of the contract was miscalculated and the correct excess payment amounted to Nu.0.742 million.

The lapses had occurred mainly due to negligence on the part of officials verifying and passing the payment. *AIN: 14551; Observation: 1; Accountabilities: Direct: Sigyal Wangchuk, JE, EID No. 20140103486; Supervisory: Nim Dorji Sherpa, Gup, CID No. 11307002551,*

Status: *Observation not settled.*

It was reported that the defendant appealed to the High Court after a verdict was issued in favour of the Dzongkhag Administration.

No further developments were reported as of 29 February 2024 against the case.

1.1.3.4. GEWOGS ADMINISTRATION UNDER PUNAKHA DZONGKHAG

I. TALOG

The Gewog Administration, Talog had unsettled irregularity of Nu.0.116 million (status as of 31 March 2023) reported to the Parliament in April 2023. The irregularity remained unsettled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Shortfalls, lapses and deficiencies	0.116	-	0.116	-
	Total	0.116	-	0.116	

The detailed status of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, lapses, and deficiencies - Nu.0.116 million

The case of shortfalls, lapses, and deficiencies is as indicated below:

1.1. NON-ACHIEVEMENT OF WATER SUPPLY SCHEME AND OTHER LAPSES - NU.0.116 MILLION

The Gewog Administration, Talog had irregularities in the Rural Water Supply Scheme (RWSS) rehabilitation and for the spring protection works during the FY 2015-2016 as under:

- i. Materials costing Nu.0.079 million were procured for the RWSS work at Pachakha of which materials worth Nu.0.044 million were found missing during the joint physical verification and the rest were found lying idle under custody of Tshogpa.
- ii. HDPE pipes costing Nu.0.100 million were procured for Nobgang village of which pipes worth Nu.0.035 million were found short and the rest were found unutilised.
- iii. The stock entries were made by unauthorized officials and reflected as directly issued to the site.
- iv. Muster Roll payments aggregating to Nu.0.036 million were shown as paid to masons for works that were not executed at the site.

The Gewog Administration had been asked to submit the completion report and comprehensive investigation report on missing materials and irregular payment of muster roll. *AIN: 14655; Observation; 1; Accountabilities: Direct: Lal Bdr. Chhetri, Asst. Engineer, EID No. 200607012; Supervisory: Tandin Dorji, DE, EID No. 200401026.*

Status: *Observation not settled.*

The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Gup reported that this issue was not resolved because the Site Engineer, LB Chhetri could not be traced till now. The Gup further stated that materials procured were stored in a central store and were distributed to the Gewogs by the storekeeper.

However, the Site Engineer, LB Chhetri had come forward and attended the PAC meeting on 13 Aug. 2021 and he explained that he was dismissed from the service from the Dzongkhag after he was fired by the Dzongdag due to some issues. Therefore, he stated that he could not come to resolve the issues until now.

The PAC directed the Gewog Administration along with the Dzongkhag Engineering Sector to reconcile the un-accounted construction materials vis-à-vis actual work done and report submitted to RAA by 31 Aug. 2021 for review and further decision.

Further, the Dzongkhag Administration, Punakha to submit a comprehensive investigation report on missing materials and irregular payment of muster roll to RAA for review as per the decision of the Hon'ble Auditor General's Advocacy and Review meeting held at Wangdiphodrang on 10/08/2023.

A Follow-up Report has been issued vide letter No. RAA/OAAG(T)/AR/PDA/2022-2023/0184 dated 6 January 2023. However, the issue remained unresolved as of 29 February 2024 as no ATR reports were submitted by the Gewog/Dzongkhag.

AUTONOMOUS AGENCIES

1.1.3.5. THIMPHU THROMDE

Thimphu Thromde had unsettled irregularities of Nu.0.110 million (status as of 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as of 29 February 2024 as summarized below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 29/02/2024	% Settled
2	Violation of laws and rules	-	-	-	-
3	Shortfalls, lapses and deficiencies	0.110	-	0.110	-
	Total	0.110	-	0.110	

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Violation of Laws & Rules

2.2 IRREGULARITIES IN AWARDING OF WORK AND NON-PRODUCTION OF DOCUMENTS

Thimphu Thromde had irregularities in awarding the construction of a stormwater drain at Yangchenphug High School and maintenance of city drains. The Bid Evaluation Committee had initially disqualified all the bids as none of the firms submitted the details of equipment and human resources. However, the committee later decided to award the work to M/s Yardak Construction based on his lowest financial bid and ignoring the technical capacity.

Further, the deposit of EMD of Nu.0.180 million which was forfeited due to failure to execute the work by the contractor into the RGR Account could not be verified due to non-production of related documents. *AIN: 14467; Observation: 19; Accountabilities: Direct: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039; Supervisory: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039.*

Status: *Observation not settled.*

Thimphu Thromde was asked to furnish evidence of having forfeited the EMD of Nu.180,000.00 and deposited it into a government account. Based on the decision of the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall,

Thimphu, the bilateral meeting between RAA and Thimphu Thomde was held on 20/12/19. However, Thimphu Thomde had not taken action as of 30 Aug. 2021 as per the decision of the bilateral meeting held on 20/12/2019.

The issue was redeliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall where Thimphu Thomde reported that an accountable person has gone to Australia for studies. Upon receipt of the follow-up letter from RAA, Thomde communicated the same to the accountable person's wife but no response was received. However, Thomde is planning to recover the amount from Sonam Wangchuk's retirement benefits.

The RAA stated that this issue had remained unresolved for many years and Thomde had not taken any legal recourse as mandated by Financial Rules & Regulation whereby the head of the agency is mandated to take legal recourse against any financial irregularities remaining pending for more than a year. In such cases, if legal recourse is not taken the head of the agency shall be held accountable.

It was decided that Thomde should either communicate with Sonam Wangchuk or recover the amount from him or his retirement benefit. In case of failure to recover the amount from him by 15 September 2021, Thomde should take legal recourse.

However, despite of the decision passed and assurance made during the bilateral meeting held on 20 December 2019, Thomde has not initiated any course of action as of 29 February 2024.

Therefore, the RAA urges Thimphu Thomde to expedite the necessary actions in depositing the amount into the ARA. Until such time, the observation shall remain unresolved.

3 Shortfalls, lapses & deficiencies – Nu.0.110 million

3.2 EXCESS PAYMENT - NU.0.110 MILLION

- a) Thimphu Thomde had made an excess payment of Nu.0.110 million to M/s Thuenlam Construction for intermediate wall and slope stabilization works at Youth Development premises. The excess payment had occurred due to payment for quantities in excess of quantities actually executed at the site. *AIN: 14467; Observation: 10; Accountabilities: Direct: Teknath Karaia, Dy. Executive Engineer, EID No. 201001178; Supervisory: Tshering Peljore, Forest Officer, EID No. 9211045.*

Status: *Observation not settled.*

Based on the decision of the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the bilateral meeting between RAA and Thimphu Thomde was held on 20/12/19. However, the issue remained unresolved as of 30 Aug. 2021.

The issue was redeliberated during the PAC consultative meeting held on 30 Aug. 2021 in NC Conference Hall, Thimphu where the Thomde reported that upon following up with the contractor for the recovery of the amount, the contractor verbally acknowledged to pay the amount but had not paid yet. The contractor was reported to be in Thimphu and Thomde is insisting on the recovery of the amount.

The PAC advised Thromde to recover the amount from the contractor by 15 Sept. 2021 if not take legal recourse.

Despite agreements and assurances provided on multiple occasions, the Thimphu Thromde so far has not acted upon.

As such, the Thromde must take immediate steps to recover the amount and deposit it into the ARA. Until such time, the observation shall remain unresolved.

1.1.3.6. DRATSHANG LHENTSHOG

Dratshang Lhentshog had unsettled irregularities of Nu.16.499 million (status as of 31 March 2023) reported to the Parliament in April 2023. It remained unsettled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Violation of laws	2.340	-	2.340	-
2	Shortfalls, lapses and deficiencies	14.159	-	14.159	-
	Total	16.499	-	16.499	

The detailed status of irregularities reported to the Parliament in April 2023, which remained unsettled as of 29 February 2024 is as discussed below:

1. Violation of laws and rules - Nu.2.340 million

The case of violation of laws and rules is as indicated below:

1.1. AVOIDABLE EXPENDITURE ON CONSULTANCY FEE - NU.2.340 MILLION

The Dratshang Lhentshog had incurred an avoidable expenditure of Nu.2.340 million on account of a consultancy service fee of Nu.0.060 million per month paid to M/s Basic Consultancy hired as the Supervision Consultant for the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The Consultant was paid for 39 months even after the expiry of the contract duration on 19th February 2014 and the work progress was delayed by more than three years at the time of Audit in April 2017.

The delay in completion of works by the contractor was aggravated by the failure of the Supervision Consultant in its responsibility and thus the payment of consultancy service fee for supervision was not justifiable. *AIN: 14751; Observation: 1.2; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

Status: *Observation not settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Project Manager reported that the Government of India funded four major projects in Bhutan. Out of the four projects, one was executed in Mongar. Since the project was executed in Mongar

and the supervisory personnel were stationed at Thimphu (Management of Dratshang Lhentshog) a need was felt to deploy an employee to Mongar to supervise the execution of the works. Due to a shortage of manpower, a consultation firm was sent to Mongar to supervise the work for timely and quality execution of work.

The PAC advised Dratshang Lhentshog to submit all the justifications related to this issue to RAA by 30 Sept. 2021 for review and appropriate decision.

A follow-up report was sent vide letter No. RAA/FuCD(S1-1)2021/2431 dated 23/12/2021.

Since Dratshang Lhentshog has not submitted the justifications as per PAC Decision dated 13/9/2021 to deploy an employee to Mongar to supervise the execution of the work, the issue remains unresolved as of 29 February 2024.

2. Shortfalls, lapses, and deficiencies - Nu. 14.159 million

The case of Shortfalls, lapses, and deficiencies involving Nu.14.211 million is as indicated below:

2.1. OUTSTANDING PW ADVANCES - NU.14.159 MILLION

The Dratshang Lhentshog had overdue Public Works Advances amounting to Nu.16.297 million lying unadjusted against the contractor in the construction of *Losel Yangchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The contractor had completed about 95% of the work at the time of the audit in April 2017, but Mobilization Advance of Nu.2.985 million and Secured Advance of Nu.13.312 million were still lying unadjusted from the contractor.

All advances should have been recovered when 80% of contract works were completed as per the General Conditions of Contract. *AIN: 14751; Observation: 1.5; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Kinley Dorji, Chief AFD, EID No. 7601031.*

Status: *Observation not settled.*

The unsettled balance of Nu.14.159 million reported earlier remained unsettled as of 13 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Project Manager reported that the contractor filed for arbitration claiming approximately Nu. 10 million from Dratshang Lhentshog for the works executed by him. Since he couldn't produce evidence to justify his claims, it was rejected by the arbitrators. After his claim was rejected by the arbitrators the contractor then submitted that he had not signed the contract agreement with the Dratshang Lhentshog and his signature had been forged, thus turning the civil suit into a criminal case. Dratshang Lhentshog appealed to the High Court and then to the Supreme Court. Supreme Court pronounced that the judgement cannot be passed on this case until the signature of the contractor is verified and authenticated by the relevant authority. As

directed by the Supreme Court, a letter was submitted by the Royal Bhutan Police requesting them to verify the authenticity of the signature of the contractor. As of now, the report/decision of RBP is awaited.

Subsequently, the Court Verdict was issued vide letter No. Thrunchoe Aang (Thimphu-22-1868) dated 21/12/2022 by the Thimphu Dzongkhag Court whereby the defendant Yeshe Dorji was ordered to pay back Nu. 12, 547,391.57 within 6 months from 21/12/2022. However, the amount has not been restituted as of 29 February 2024.

As per letter/Order No. OAG/PLD/2022-23/3597 dated 12th June 2023 of the Office of the Attorney General, Thimphu, the Contractor has to reconstitute a total amount of Nu. 19,782,087.00. However, the amount remains unrecovered as of 29 February 2024.

1.1.3.7. PHUENTSHOLING THROMDE

Out of the total unsettled irregularities of Nu.2.233 million (status as of 31 March 2023) reported to the Parliament in April 2023, Phuentsholing Thromde had not settled the amount as of 29 February 2024. However, one issue without involvement of monetary amount was resolved as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024 (Nu. in Million)	% Settled
1	Mismanagement	2.233	-	2.233	-
	Total	2.233	-	2.233	

The detailed status of irregularities reported to the Parliament in April 2023, irregularity settled thereafter and unsettled one as of 29 February 2024 is as discussed below:

1. Mismanagement – Nu.2.230 million

1.1. OUTSTANDING LAND TAXES - NU.2.230 MILLION

Phuentsholing Thromde had outstanding urban land taxes amounting to Nu.3.051 million lying unsettled for the extended areas under Phuentsholing and Sampheling Gewog. *AIN: 14426; Observation: 1.4; Accountabilities: Direct: Deki, Adm. Asstt., EID No. 2009008; Supervisory: Sherub Tenzin, SSE, EID No. 200901218.*

Status: Observation not settled.

The PAC consultative meeting held at Samtse from 30/09/19–02/10/19 asked the Thromde to make an announcement in the media on outstanding land taxes and if people do not turn up after that, then Thromde should coordinate with NLC, and explore next course of action. However, the Thromde reported no progress as of 31 March 2023.

This issue was redeliberated during the PAC consultative meeting virtually held on 7 Oct 2021 where the Land Record Officer reported that Thromde through an

announcement in BSS directed the private land owners to pay the outstanding land tax. Further, one month was extended for the payment of land tax. Out of 400 private individuals, 381 paid the outstanding land tax amounting to Nu. 2,090,889.00. As of now, the remaining outstanding is Nu. 3,051,000/- The remaining amount could not be recovered because the whereabouts of the 12 individuals are unknown. In the case of governmental institutions, the tax couldn't be realized due to directives of the Ministry of Finance wherein it was notified to exempt Zhung Dratshang from tax till 2017. Furthermore, RBA, RBP, and CST are seeking the same exemption from MoF.

The PAC directed that Thromde submit the details of outstanding taxes recovered and the order issued by the MoF regarding the exemption of land tax for Zhung Dratshang till 2017 to RAA by 31 April 2023 for review and appropriate decision.

However, the observation remained unresolved as no further action taken report was submitted to the RAA as of 29 February 2024. A follow-up report was issued vide RAA/OAAG-Pling/MoWHS-Thromde-D21/2022/287 dated 20/7/2022.

The latest Follow-up Report issued vide letter no. RAA/OAAG-Pling/MoWHS-Thromde-D21/2023/214 dated. 05.05.23. However, the response has not yet been received, and waiting for the necessary actions.

1.1.4. NON GOVERNMENTAL ORGANIZATIONS

1.1.4.1. BHUTAN FILM ASSOCIATION

Bhutan Film Association had total unsettled irregularities of Nu.18.034 million (status as of 31 March 2023) reported to the Parliament in April 2023. They remained unsettled as of 29 February 2024 as summarized below:

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as of 29/02/2024	% Settled
1	Mismanagement	17.912	-	17.912	-
2	Shortfalls, lapses and deficiencies	0.122	-	0.122	-
	Total	18.034	-	18.034	-

The detailed status of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Mismanagement - Nu.17.912 million

There were cases of mismanagement involving Nu.17.912 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as of 31/03/2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as of 29/02/2024 (Nu. in million)
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1.1	Non-realization of cost of film screening equipment from Bhutan Film Distributor	4.752	-	4.752
1.2	Fixed assets remaining idle	13.160	-	13.160
	Total	17.912	-	17.912

1.1. NON-REALIZATION OF COST OF FILM SCREENING EQUIPMENT FROM BHUTAN FILM DISTRIBUTOR - NU.4.752 MILLION

The Bhutan Film Association (BFA) had procured 60 sets of film screening equipment worth Nu.6.899 million funded by KOICA, Government of the Republic of Korea. All the film screening equipment was handed over to Bhutan Film Distributor (BFD), Thimphu on 28/07/2015 with an agreement similar to the hire-purchase system. The two conditions of the agreement, among others, were that - i) BFD must pay a monthly installment of Nu.3,300.00 per set for 60 sets for three years after two months from the date of release of the first film; and ii) after completion of final installment, the ownership to the equipment shall be formally handed over to the BFD.

However, even after two years BFA had not received any installment for the hire-purchase agreement nor was there any record indicating the association's effort to realize the installment from the latter. Subsequently, based on the Board's decision to rescind the contract, 40 sets of the equipment were taken back, and the remaining 20 sets were left with BFD under a new contract agreement. The hire charges due amounting to Nu.4.752 million were not realized from BFD till the date of audit. *AIN: 14849; Observation: 1; Accountabilities: Direct: Tandin Wangchuk, General Manager, Bhutan Film Distributor, CID No. 11606000048; Supervisory: Yeshi Dorji, Executive Director, CID No. 10712002031.*

Status: *Observation not settled.*

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in the NA conference hall, Thimphu where the President of BFA reported that Bhutan Film Distributor was declared bankrupt by the Royal Court of Justice. Upon following up with Tandin Wangchuk, General Manager of Bhutan Film Distributor, he stated that he was in Samdrup Jongkhar doing some contract work. It was conveyed that, out of 60 sets of film screening equipment, 40 sets had already been returned to the Tshogpa of Bhutan Film Association and the remaining 20 sets were with him which he promised to return at the earliest.

It was decided that BFA should submit the evidence proving the bankruptcy of Bhutan Film Distributor and recover the remaining 20 sets from Tandin Wangchuk by 31 Oct. 2021 and be required to report to RAA accordingly.

The observation on the non-realization of the cost of Film Screening equipment from Bhutan Film Distributor has been pending since 2017. The issues were rediscussed during the RAA's 76th Advisory Committee Meeting. As per the meeting, the management is asked to take up the matter separately with the relevant authority to investigate or trace the missing items or to seek write-off approval from the management for the settlement of observation. Until such time, the observation shall stand.

However, the observation remained unresolved as of 29 February 2024 despite repeated follow-ups on the issue vide letter No. RAA/FUCD(F50)BFA/2022/1898 dated 21/10/2022 and vide letter no. RAA/FLSD(23-NGO)/BFA-50/2023/734 dated 27/10/2023.

1.2. FIXED ASSETS WORTH NU.13.160 MILLION REMAINING IDLE

The BFA had large quantities of fixed assets worth Nu.13.160 million lying idle. Immediate management action either for its effective utilization and proper storage or for its disposal was deemed necessary. *AIN: 14849; Observation: 2; Accountabilities: Direct: Yeshi Dorji, Executive Director, CID No. 10712002031; Tuka Gurung, Finance/Admin. Officer, CID No. 1201001452; Yeshey Dorji, IT Officer, CID No. 10204000137; Supervisory: Tobgyel, President, CID No. 11410002207; Kesang Jigmi, CID No. 11101001183; Tshering Phuntsho, CID No. 10202000660; Pema Tshering, CID No.11705001918; Yeshey Tshering, CID No. 10801100069; Kinley Dorji, CID No. 10811000784; Tshechu Dorji Wong, CID No. 11410003623; Tshering Dorji, CID No. 11410008578.*

Status: *Observation not settled.*

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in the NA conference hall, Thimphu where the RAA stated that this issue could be resolved through a bilateral meeting between RAA & BFA; so it was decided that RAA and BFA should resolve this issue through a bilateral meeting by 31 Oct. 2021.

Despite serving repeated follow-up reminders vide letter No.RAA/FUCD(F50)BFA/2022/1898 dated 21/10/2022 and vide letter no. RAA/FLSD (23-NGO)/BFA50/2023/734 dated 27/10/2023, the ATR responses are not forthcoming. Therefore, the observation remained unresolved as of 29 February 2024.

The management of FAB was advised to develop a comprehensive plan for the efficient utilization and storage of existing equipment valued at Nu. 13.160 million. Alternatively, any equipment or items identified as idle and unused should be promptly brought before the Board for appropriate decision-making. Action taken by management is furnished for RAA's review.

2. Shortfalls, lapses & deficiencies - Nu.0.122 million

There was a case of shortfalls, lapses, and deficiencies involving Nu.0.122 million as indicated below:

2.1. SHORTAGE/MISSING OF ASSETS WORTH NU.0.122 MILLION

The BFA had shortage/missing assets such as LCD monitors, light stands, plastic chairs, etc. worth Nu.0.122 million noted during the joint physical verification of assets and equipment. The management was required to trace the whereabouts of the assets or recover the cost from the person responsible according to Chapter V of the Property Management Manual 2016. *AIN: 14849; Observation: 1 & 3. Accountabilities: Direct:*

Status: Observation not settled.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in the NA conference hall, Thimphu where the RAA stated that this issue could be resolved through a bilateral meeting between RAA & BFA; so it was decided that RAA and BFA should resolve this issue through a bilateral meeting by 31 Oct. 2021.

However, the observation remained unresolved as of 29 February 2024 despite serving repeated follow-up reminders vide letter No.RAA/FUCD(F50)BFA/2022/1898 dated 21/10/2022 and letter no. RAA/FLSD(23-NGO)/BFA-50/2023/734 dated 27/10/2023.



REVIEW STATUS REPORT OF ANNUAL AUDIT REPORT 2018

(As of 29 February 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2018

The Royal Audit Authority submitted the Review Report of the Annual Audit Report 2018 (status as of 31 March 2023) to the 7th Session of the Third Parliament in April 2023. The report had total significant unsettled irregularities of Nu. 1,134.419 million consisting of Nu.83.689 million against budgetary agencies; Nu.13.652 million against Non-Budgetary Agencies and Nu. 1,037.078 million against Hydro Power Projects.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups at various levels and out of the unsettled irregularities of Nu. 1,134.419 million (status as of 31 March 2023) reported to the Parliament in April 2023 subsequently irregularities amounting to Nu.13.912 million against Budgetary Agencies and Nu.0.181 million against Non-Budgetary Agencies were settled. However, the total irregularities of Nu. 1,037.078 million against Hydro Power Projects remained unsettled as of 29 February 2024 as shown in the table below.

Table: Showing agency-wise irregularities settled and balances as of 29 February 2024.

Sl. No.	Agencies	Unresolved irregularities last reported as of 31/03/2023 (Nu.in Million)	Irregularities resolved as of 29/02/2024 (Nu.in Million)	Balance irregularities as of 29/02/2024 (Nu.in Million)	Percentage of irregularities resolved as of 31/03/2023
1	Ministries	6.294	0.237	6.057	3.77
2	Dzongkhags	64.654	9.528	55.126	14.74
3	Gewogs	4.313	0.510	3.803	11.82
4	Autonomous Agencies	8.428	3.637	4.791	43.15
Total Budgetary Agencies- A (1to 4)		83.689	13.912	69.777	16.62
5	Corporations	4.222	0.181	4.041	4.29
6	Non Governmental Organizations	9.430	-	9.430	-
Total Non-Budgetary Agencies - B (5 to 6)		13.652	0.181	13.471	1.33
8	Hydropower Projects	1,037.078	-	1,037.078	-
Total Hydropower Projects-C (8)		1,037.078	-	1,037.078	-
Grand Total (A+B+C)		1,134.419	14.093	1,120.326	1.24

As transpired from the table above, out of the total unsettled irregularities of Nu.1,134.419 million reported unsettled as of 31 March 2023, irregularities amounting to Nu.14.093 million were settled leaving a balance of Nu. 1,120.326 million as of 29 February 2024. The detailed review report of the agencies are, as highlighted hereunder.

PART-II DETAILED REVIEW REPORT

This chapter contains summaries of unresolved significant audit observations from the audit reports issued in 2018. The draft AAR 2018 reported significant irregularities involving Nu.922.727 million out of which observations amounting to Nu.318.347 million were resolved based on the responses received and actions taken after the draft AAR 2018.

The total unresolved significant irregularities having financial implication of Nu. 2,376.257 million as of 31 March 2019 were reflected in the AAR 2018. The details of agencywise unsettled irregularities reported to the Parliament in June 2019 and irregularities resolved thereafter and the balance unresolved ones as of 29 February 2024 are reported hereunder.

1.3.1.3 MINISTRY OF FINANCE

During the year, the RAA conducted nine audits of the Ministry of Finance and its departments, divisions, and units. There were 14 observations amounting to Nu.1.087 million of which eight observations amounting to Nu.0.208 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.879 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions, and units, observations amounting to Nu.0.192 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.687 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry, and a review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 0.205 million (status as of 31 March 2023) reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
1	Mismanagement	0.205	-	0.205	-
	Total	0.205	-	0.205	-

The details of unsettled irregularity reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 are as discussed below:

1. Mismanagement – Nu.0.205 million

There was a case of mismanagement involving Nu.0.205 million as indicated below:

1.1. NON-REALIZATION OF THE OUTSTANDING SALES TAX - NU.0.205 MILLION

The Regional Revenue and Customs Office (RRC0), Bumthang had not realised outstanding sales tax amounting to Nu.0.317 million from three business units i.e. M/s Hotel Jakar View - Nu.0.056 million; M/s Araya Zhamlha Guest House - Nu.0.020 million; and M/s Kinzang Norling International - Nu.0.241 million. Sales Tax for Income Years 2014 and 2015 had remained unrealized even at the time of the audit in October 2017.

As of 31 March 2019, outstanding tax amounting to Nu.0.056 million pertaining to M/s Hotel Jakar View was recovered leaving the balance of Nu.0.261 million. *AIN: 15020; Para: 2; Accountabilities: Direct: Tashi Phuntsho, Asst. Collector, EID # 201101050; Supervisory: Jit Badhur Waiba, Regional Director, EID # 8607062.*

Status: Observation Not Settled.

A sum of Nu.0.056 million was collected from M/s Hotel Jakar View and deposited into RGR vide R/No.RC621887569918 dated 09/03/2018 as per letter No. RRCO/BM/ADM-18/1412 dated 04/04/2018. The unsettled balance of Nu.0.205 million remained unrecovered as of 6 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in the NA conference hall where the Legal Officer of MoF reported that the accountable person failed to make the payments as accepted earlier and has appealed to the finance minister justifying that he couldn't make the payments as agreed earlier as he was financially affected by COVID 19 situation and requested for time extension till 3 Dec. 2021. The decision of the Finance Minister was awaited.

The PAC directed the MoF to resolve the issue by 31 December 2021. However, a sum of Nu. 19,955.00 was collected from Araya Zhamlha Guest House vide receipt RC682387611758 dated 3/3/2023 and regarding KinzangNorling International is forwarded to Bumthang Royal Court of Justice vide Ja/THRIM2(25)2024/76 dated 30/01/2024. The balance unrecovered amount of Nu.0.205 million reported earlier remained unsettled as of 29 February 2024.

1.3.1.6 MINISTRY OF HOME AND CULTURAL AFFAIRS

During the year, the RAA conducted 20 audits of the Ministry of Home and Cultural Affairs, its departments, divisions, and units. There were 19 observations amounting to Nu.3.158 million of which nine observations amounting to Nu.1.661 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.497 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions, and units, observations amounting to Nu.0.444 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.053 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry, and a review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023.

The details of unsettled irregularities reported to the Parliament in April 2023, irregularities settled thereafter and the unsettled balances as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and rules as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.2	Non-deposit of Contractor's financial obligation upon termination of contract	0.237	0.237	-
1.4	Delay in construction of academic block of RBP Training Institute	-	-	Unsettled
1.5	Delay in construction of temporary family quarters at Rinchening check post, Phuentsholing	-	-	Unsettled
Total		0.237	0.237	

1.2 NON-DEPOSIT OF CONTRACTOR'S FINANCIAL OBLIGATION UPON TERMINATION OF CONTRACT - NU.0.237 MILLION

The GoI funded 'Phajoding Conservation Project' implemented by Department of Culture had not recovered the financial obligation amount of Nu.0.237 million upon termination of contract from M/s Chencho Dhrupjur Construction in the construction of Dinning-cum-Kitchen and Toilet at Phajoding Monastery. *AIN: 15362; Para: 1; Accountabilities: Direct: Sonam Tobgay, CID #11501001831, Project Engineer, (Contract) PMCP, DoC; Pasang Norbu, M/s Chencho Drupjur Construction, Shaba, Paro, CDB # 7349, TL # 1030475, 1(Paro-2014)34; Supervisory: Dechen Dorji, EID # 9607009; Project Manager, PMCP, DoC.*

Status: Observation settled.

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Department of Culture reported that performance security was forfeited on termination of the contract. Further, necessary follow-up were made to recover the 10% penalty (LD) but couldn't recover the same. The legal officer then filed a legal suit which is pending before the court of law.

The PAC advised the Department to follow up with the court to expedite the case, recover the amount and inform the RAA accordingly.

As per Thimphu Dzongkhag Court verdict No. THIMPHU22-513(THIMPHU-21-462) dated 03/05/2021, M/s Chencho Drupjur was asked to pay a total of Nu. 379,580.78 within 3 months w.e.f. 03/05/2021 inclusive of penalty amount. However, as per the latest response submitted by the concerned Department of Culture, the Contractor M/s Chencho Drupjur has submitted a request letter to the Royal Court of Justice, Thimphu Dzongkhag Court and the court considered his petition and the Court instructed verbally to the MoHCA to extend his timeline of payment for 2 months w.e.f. 13/12/2022. The Ministry issued a time extension order vide letter no. Nga/Adm-11/2022/629 dated 13/12/2022. To date, the amount has not been deposited/recovered by M/s Chencho Drupjur.

A penalty of Nu.142,586.28 was waived off vide letter No.OGZ/Thrinmdoen/2023/2885 dated 14/02/2023 after appealing to Gyelpoi Zimpon by the Contractor and only the principal amount of Nu.236,994.50 is payable as informed by the department vide letter No.TA/DCHS/J-2/2022-2023/692 dated 06/03/2023. However, the principal amount was not being paid as of 13 March 2023.

Finally, the principal amount of Nu.236,995.00 was recovered vide Receipt No. 02940 dated 06/09/2023 and the observation was settled accordingly.

1.4. DELAY IN CONSTRUCTION OF ACADEMIC BLOCK OF ROYAL BHUTAN POLICE TRAINING INSTITUTE (RBPTI), JIGMELING

The construction of the Academic Block at Royal Bhutan Police Training Institute (RBPTI), Jigmeling was found incomplete with poor progress of work at the site. The work undertaken by M/s Druk Tsentop Construction Private Limited was scheduled to be completed by 21 July 2016 but was granted a time extension till 21 February 2017. However, at the time of the audit in December 2017, the construction work was found delayed by 10 months with work progress of only 84% as reported by the Project Engineer.

The contractor had also signed an undertaking letter on 17 March 2017 to complete the construction of the Academic Block by 15 June 2017 but had failed to do so. In addition, the Performance Bank Guarantee of Nu.3.492 million submitted by the contractor was found expired on 31 December 2015 and was not renewed at the time of the audit in December 2017. *AIN: 15087; Para: 4.1; Accountabilities: Direct: Sonam Phuntsho, Junior Engineer, CID # 11505005084/PIN # 5979; Supervisory: Sonam*

Wangdi, Chief Engineer, CID # 11506001122/PIN # 2004.

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in the NA conference hall, Thimphu where the RBP reported that M/s Druk Tsentop Construction Pvt. Ltd. couldn't complete the work and the contract was terminated. The case was taken up for arbitration but failed to proceed it as the same was not accepted by the contractor. On 27 Nov. 2020, the Legal Officer filed a case in Sarpang Dzongkhag Court and is sub judice there.

The PAC directed that RBP should follow up with the court and communicate the progress on the same to RAA accordingly.

However, the case remained unresolved as of 29 February 2024.

1.5. DELAY IN CONSTRUCTION OF TEMPORARY FAMILY QUARTERS AT RINCENDING CHECK POST, PHUENTSHOLING

The RBP HQ, Thimphu had taken up the construction of temporary family quarters at Rinchending, Phuentsholing which was found incomplete with poor work progress at the site. The work undertaken by M/s T Denka Construction was scheduled to be completed by 30 June 2017. However, the construction work was delayed by seven months and the Performance Bank Guarantee of Nu.0.269 million submitted by the contractor was found expired on 26 June 2017. There was no work progress and was found discontinued and the Performance Bank Guarantee was not renewed at the time of the audit in December 2017. *AIN: 15087; Para: 4.2; Accountabilities: Direct: Deki, Executive Engineer, CID # 11503003820/PIN # 5029; Supervisory: Sonam Wangdi, Chief Engineer, CID # 11506001122/PIN # 2004.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in the NA conference hall, Thimphu where the RBP reported that all the actual work was carried out by the project manager (Rinzin) who was authorized by M/s T Denka Construction through a power of attorney. Since the whereabouts of the project manager are unknown and the license belongs to M/s T Denka Construction, a suit was filed against M/s T Denka Construction before the court of law and is sub judice.

The PAC directed that RBP should follow up with the court and communicate the progress on the same to RAA accordingly. The RBP was asked to furnish the BADRC Award and Courts Judgement Order for necessary audit verification.

However, the case remained unresolved as of 29 February 2024.

1.3.1.7 MINISTRY OF INFORMATION AND COMMUNICATIONS

During the year, the RAA conducted nine audits of the Ministry of Information and Communications. There were 23 observations amounting to Nu.54.724 million of which 12 observations amounting to Nu.0.957 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.53.767 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions, and units, observations amounting to Nu.0.678 million were resolved. The total unresolved significant irregularities reflected in the AAR 2017 amounted to Nu.53.089.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry, and the review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 2.952 million (status as of 31 March 2023) reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 is as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	2.952	-	2.952	-
3	Non-Compliance to Laws and Rules	-	-	-	-

The details of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.2.952 million

There were cases with elements of fraud, corruption, and embezzlement involving Nu.2.952 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Temporary misuse of revenue through teeming and lading	0.961	-	0.961
1.2	Shortages in revenue deposits aggregating to Nu.2.505 million and late deposits attract a fine	1.991	-	1.991
	Total	2.952	-	2.952

1.1. TEMPORARY MISUSE OF REVENUE THROUGH TEEMING AND LADING - NU.0.961 MILLION

There was a misuse of revenue amounting to Nu.4.378 million in the Regional Office, Road Safety and Transport Authority (RSTA) Gelephu. There were instances of abnormal cancellations of deposit challans which was indicative of temporary misuse of revenue. The dealing officials were found to have resorted to teeming and lading for misuse of revenue temporarily by depositing the subsequent collections to cover up earlier less deposited amounts. There were also attempts to delay the revenue deposit through the cancellation of deposit challans as well as short deposits with the resultant siphoning of the government revenue. *AIN: 15658; Para: 1.2; Accountabilities: Direct: Tshering Choden, Adm. Asst. EID No. 201002034; Supervisory: Sonam Chopel, Chief RTO, EID 200210018; Kinga Gyeltshen, Road Transport Officer, EID 20050503.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where the Ministry reported that administrative action against the supervisors was taken and accepted by the RAA and the case against the direct accountable person has been forwarded to OAG and now registered in Dungkhag Court, Gelephu. The Ministry further expressed that the RAA could drop the amount from the observation as the amount is not recoverable. The RAA explained that the amount is noted for calculating the penalty for a late deposit of revenue although it is not recoverable. PAC advised the RAA and Ministry to work out the liable penalty for late deposit of revenue and include it in the charge sheet if not done so. The observation remained unresolved as it was subjudice in the Dungkhag Court, Gelephu.

Subsequently, it was reported that the principal amount of Nu.4.378 million was changed to Nu.0.961 million (Nu. 960,524.91) as per letter No. RSTA/TM-04/2020-2021/194 dated 22/09/2021 of RSTA and Letter No. ACC/DoI-IV/case 32/2019/2019-2020/1724 dated 05/03/2020 of ACC. Accordingly, the amount was revised.

However, the issue is under the Court's review and is considered subjudice in Gelephu Dungkhag Court. As of February 29, 2024, there have been no reported developments from the Ministry. Therefore, the case remains unsettled.

1.2. SHORTAGES IN REVENUE DEPOSIT AND LATE DEPOSITS ATTRACT FINE - NU.1.991 MILLION

The Regional Office, RSTA Gelephu had shortages in revenue deposits amounting to Nu.2.505 million for two financial years 2016-17 and 2017-18. In addition, the amounts collected were found retained by the dealing person for periods ranging from two days to 56 days per instance.

The time lag in the collections and subsequent deposits indicated revenue misuse. As per the provisions of the Revenue Accounting Manual (RAM) 2004 late fine @ 24% per annum is liable on the late deposits amounting to Nu.0.376 million (Nu.0.076 million for 2016-17 and Nu.0.300 million for 2017-18).

The lapses had occurred due to the non-conduct of periodic reconciliation of the collections and deposits of revenue and non-deposit of collections on the next working day as required by the RAM by the dealing officials, which were indicative of inadequate supervision and monitoring by the supervising officials. *AIN: 15658; Para: 1.1; Accountabilities: Direct: Tshering Choden, Adm. Asst. EID No. 201002034; Supervisory: Sonam Chopel, Chief RTO, EID 200210018; Kinga Gyeltshen, Road Transport Officer, EID 20050503.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where the Ministry reported that administrative action against the supervisors was taken and accepted by the RAA and the case against the direct accountable person has been forwarded to OAG and now registered in Dungkhag Court, Gelephu. The observation remained unresolved as it was subjudice in the Dungkhag Court, Gelephu.

Subsequently, it was reported that the principal amount of Nu.2.881 million was changed to Nu.1.991 million (Nu. 1,991,564.00) as per the letter No. RSTA/TM-04/2020-2021/194 dated of 22/09/2021 of RSTA and Letter No. ACC/DoI-IV/case 32/2019/2019-2020/1724 dated 05/03/2020 of ACC. Accordingly, the amount was revised.

However, the issue is under the Court's review and is considered subjudice in Gelephu Dungkhag Court. As of February 29, 2024, there have been no reported developments from the Ministry, and thus the case remains unsettled.

2. Non-compliance to Laws and Rules

2.1. POOR WORK PROGRESS NOTED IN THE CONSTRUCTION OF THE TERMINAL BUILDING AT BUMTHANG DOMESTIC AIRPORT

The Department of Air Transport (DoAT), Paro implemented ADB funded 'Air Transport Connectivity Enhancement Project' had poor work progress in the construction of the terminal building at Bumthang Domestic Airport. The contractor, M/s Rinson Construction Company Pvt. Ltd. was paid Nu.27.477 million out of the tendered amount of Nu.158.636 million till August 2018 representing

17.32% of the contract value for 19.52% of works completed against the expected work physical completion of 36.81% with apparent delays at the time of audit in September 2018. The contract work was scheduled to be completed by 04 August 2019 and the possibility of completing the remaining works in the remaining ten months of the contract duration without compromising the quality of work seemed highly doubtful. The causes for the delay in work progress were not on record. *AIN: 15603; Para: 2; Accountabilities: Direct: Kailash Chettri, Supervising Engineer, CID # 110204000023; Supervisory: Jamyang T Dorji, Project Engineer EID # 201101166.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in NC Conference Hall, Thimphu, and the RAA expressed that matters relating to poor quality and progress works are too common issues and will be deliberated in the upcoming RAA's Advisory Committee Meeting and the decision communicated to the PAC and the Ministry.

The observation remains unsettled as of 29 February 2024, as the Department submitted no progress report.

1.3.1.9 MINISTRY OF WORKS AND HUMAN SETTLEMENTS

During the year, the RAA conducted 13 audits of the Ministry of Works and Human Settlements, its departments, divisions, and units. There were 92 observations amounting to Nu.199.356 million of which 45 observations amounting to Nu.71.776 million were either resolved before compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.127.580 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions, and units, observations amounting to Nu.75.044 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.52.536 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry and reviewed the status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, three irregularities under Non-compliance to Laws and Rules were settled, however other irregularities of Nu. 2.900 million reported to the Parliament in April 2023 remained unresolved as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.in Million)	Amount resolved (Nu.in Million)	Balance as of 29/02/2024 (Nu.in Million)	% Resolved
2	Non-Compliance to Laws and Rules	-	-	-	-
3	Shortfalls, Lapses and Deficiencies	2.900	-	2.900	-
	Total	2.900	-	2.900	-

The details of unsettled irregularities reported to the Parliament in April 2023, irregularities settled thereafter and unsettled ones as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.2.900 million

1.1. NON-RECONCILIATION OF BANK RECONCILIATION STATEMENTS - NU.2.900 MILLION

The RO, DOR, Tingtibi, Zhemgang had not reconciled Nu.2.900 million shown as released as per the system-generated Bank Reconciliation System (BRS) against the actual Bank Statement, which did not reflect the receipt of the same.

The RO had failed to reconcile releases and withdrawals as per the Financial Rules and Regulations and had also not checked with the bank to confirm that the amount was received in the RO's Letter of Credit (LC) Account maintained with the Bank of Bhutan. *AIN: 15045; Para: 4; Accountabilities: Direct: Tenzin Wangchuk, EID # 9404031; Supervisory: Karma Dorji, Chief Engineer, EID # 91077122.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where MoWHS reported that since the report is system generated there can be an error and further stated that this issue was already resolved with RAA, Bumthang.

However, as per the record of RAA, the observation remained unresolved as of 31 Aug. 2021. It was decided that MoWHS should submit a copy of the letter indicating the settlement of the issue to RAA, Bumthang for review and appropriate decision.

DoR, Tingtibi was informed on the status of observation vide No.RAA/BT/Fus-01/2020/1115 dated 26/06/2020 and on 20/09/2021. However, no developments were reported as of 29 February 2024.

1.3.2 DZONGKHAGS

The details of unsettled irregularity reported to the Parliament in April 2023 which got settled by 29 February 2024 as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.3.2.2 DZONGKHAG ADMINISTRATION, CHHUKHA

During the year, the RAA conducted two audits of the Dzongkhag Administration, Chhukha. There were 79 observations amounting to Nu.10.652 million of which 23 observations amounting to Nu.2.333 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.8.319 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.1.945 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.6.374 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, out of the balance unsettled irregularities of Nu. 3.552 million (status as of 31 March 2023) reported to the Parliament in April 2023; Nu.1.264 million was settled leaving a balance of Nu.2.288 million as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.in Million)	Amount resolved (Nu.in Million)	Balance as of 29/02/2024 (Nu.in Million)	% Resolved
1	Fraud, Corruption and Embezzlement	2.020	1.264	0.756	62.57
2	Non-Compliance to Laws and Rules	0.665	-	0.665	-
3	Shortfalls, Lapses and Deficiencies	0.867		0.867	-
	Total	3.552	1.264	2.288	35.59

The details of unsettled irregularities reported to the Parliament in April 2023; irregularities settled thereafter and unsettled ones as of 29 February 2024 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.2.020 million

There were cases with elements of fraud, corruption, and embezzlement involving Nu.2.020 million as summarised below:

Sl. No.	Observation in Brief	Balance(Nu.M)/ Status as of 31/03/23	Settled Nu. in million	Balance(Nu.M)/ Status as of 29/02/24
1.1	Encashment of remittances through the issuance of self-cheque	1.245	1.037	0.208
1.2	Misappropriation of pay and allowances through fraudulent malpractices	0.130	0.130-	Settled
1.3	Non surrender of cash balance by the dealing accountant	Unsettled	-	Settled
1.4	Unauthorized transfer of funds into personal savings account	Settled	-	Settled
1.5	Encashment of statutory remittances through self-cheque	0.127	-	0.127
1.6	Intentional booking of excess allowance and misappropriation	Unsettled	-	Settled
1.7	Inflating the bills of contractor for personal gain	0.106	-	0.106
1.8	Irregular payment through fraudulent transactions	0.097	0.097	Settled
1.9	Double booking of retirement benefits and misappropriation	0.091	-	0.091
1.10	Cash payment without acknowledgment receipts	0.086	-	0.086
1.11	Excess payment of pay and allowances	0.048	-	0.048
1.12	Double booking of salary and misappropriation	0.030	-	0.030
1.13	Irregular Payment of rural life insurance claims	Unsettled	-	Unsettled
1.14	Advance booked as final expenditure	0.030	-	0.030
1.15	Irregular payment to accountant	0.030	-	0.030
1.16	Misappropriation of funds transferred from Menjiwoong Central School for pay and allowances	Unsettled	-	Settled
1.17	Misappropriation of pay and allowance through fraudulent malpractices	Unsettled	-	Settled

1.18	Huge sanction of PW Advances and irregular adjustments leading to misuse of fund	Unsettled	-	Settled
1.19	Deposit of Resungpas' salary into the personal	Unsettled	-	Settled
1.20	Misappropriation of government fund through wrong booking of remittances	Unsettled	-	Unsettled
1.21	Double booking of salary	Unsettled	-	Settled
1.22	Huge sanction of PW Advances in the name of dealing accountant and irregular adjustments	Unsettled	-	Settled
1.23	Irregular creation of statutory receipt balances	Unsettled	-	Settled
1.24	Embezzlement through double booking of arrear	Unsettled	-	Settled
1.25	Advance booked as expenditure and misuse of funds	Unsettled	-	Settled
1.26	Misappropriation of pay and allowance through fraudulent malpractices	Unsettled	-	Settled
1.27	Booking of excess allowance for personal gain	Unsettled	-	Settled
1.28	Inadmissible booking of LTC/LE and misappropriation	Unsettled	-	Settled
1.29	Irregular payment of leave encashment and misappropriation	Unsettled	-	Settled
Total		2.020	1.264	0.756

The cases of fraud, corruption, and embezzlement are as indicated below:

1.1. ENCASHMENT OF REMITTANCES THROUGH ISSUANCE OF SELF CHEQUE NU.1.245 MILLION

The Dungkha Administration, Phuentsholing (DAP) had remitted statutory deductions amounting to Nu.1.245 million to respective agencies and departments through the issuance of self-cheques for the financial year 2016-2017. As per vouchers, the payments of remittances were transferred through an account payee cheque.

However, there were no money receipts/acknowledgment receipts attached to the payment vouchers. A review of cheques deposited with the Bank of Bhutan, Phuentsholing, revealed that the remittance cheques were drawn as self-cheques in the name of the Accountant instead of account payee cheques to respective agencies/departments. There were also cases of deductions made from object codes, which do not require remittances to the Department of Revenue & Customs (DRC). An amount of Nu.0.046 million was deducted from object code 87.22 'Other Recoveries and Remittances' and Nu.0.151 million was deducted from broad head 8.d, object code 89.24 'Others'. There was no relevancy or requirement for such remittances as it pertains to Non-Revenue release for Fund transfer of pay and allowances of teachers. The same expenditure was later found transferred to object code 21.01 'Current Grants: individual/Nonprofit Org'.

The equivalent amounts were then found withdrawn as self-cheques clearly indicating manipulation of accounting records which were not in line with provision of the FRR. The lapses had occurred mainly due to a lack of integrity, which was further compounded by poor supervision and weak internal control, leading to irregular financial transactions. *AIN: 15334; Para: 7; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-

seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo, as it was subjudice in the Phuntsholing Dungkhag Court. The PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

As per the verdict (ref. verdict serial No. 7.1.36), Chhimi Dorji is liable to restitute an amount of Nu. 208,425.00 only towards the observation.

However, the observation remained unresolved as of 29 February 2024 as it was reported subjudice in the Phuntsholing Dungkhag Court.

1.2 MISAPPROPRIATION OF PAY AND ALLOWANCES THROUGH FRAUDULENT MALPRACTICES NU.0.130 MILLION

The Accountant of DAP had misappropriated and siphoned Nu.0.660 million of pay and allowances through fraudulent malpractices as follows:

Pay and allowances amounting to Nu.0.690 million were booked in the name of employees who had already separated from service, were on extraordinary leave, and transferred out from DAP; Some amounts were transferred into the Accountant's personal account and his daughter's personal savings accounts by indicating himself and his daughter as teachers of Darla Middle Secondary School;

Advances were found booked in the name of School Principals without their consent and by forging their signatures in the advance application form. The advances were subsequently deducted from the monthly pay as per the pay bill but the actual salary of respective Principals was found deposited into the bank without deducting the advances, which had avoided detection by Principals. The advances were found adjusted from the Principals monthly TA/DA bills and other claims payable to Principals. The TA/DA claims of Principals were also found deposited into the Accountant's personal savings account;

Amount of Nu.0.041 million and Nu.0.290 million were booked as salaries in the name of Sonam Choden, Teacher, Darla Middle Secondary School and Ugyen Wangdi, Chimuna Community Pry School respectively, but were found to be on Extraordinary Leave (EOL) from 1 March 2016. The issue was raised as an inadmissible payment during the earlier audit and Nu.0.104 million had been deposited into Audit Recoveries Account (ARA).

Scrutiny of the statement of salary disbursement sent to the Bank of Bhutan, Phuentsholing to confirm the actual facts and figures revealed that the amount booked against the above employees was not deposited into their saving account but misappropriated by the Accountant.

The lapses had occurred mainly due to lack of integrity on the part of dealing Accountant, that was further exacerbated by apparent lack of supervision and monitoring controls, leading to siphoning of government funds. *AIN: 15334; Para: 1; Accountabilities: Direct:*

Chhimi Dorji, Accountant, EID 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID9308053; Rabgye Tobden, Former Drungpa, EID 9208098;

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years' imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

Further, an amount of Nu. 529,895.00 to be restituted as per the court verdict (ref. Serial No. 7.1.3 of the verdict), which was recovered and deposited into ARA vide Receipt No. 456329 dated 25/05/2018. Therefore, the observation was settled.

1.3. NON-SURRENDER OF CASH BALANCE BY THE DEALING ACCOUNTANT

The Dzongkhag Administration, Chhukha had transferred two contract works along with budget and activity details to the DAP at the time of introduction of Public Expenditure Management System (PEMS) in FY 2010-2011. After payment of final bills, there were cash balances amounting to Nu.0.529 million recovered from the two contract works which were not surrendered to the Dzongkhag Administration by the DAP.

The spillover contract work for the construction of 6-unit Classroom, toilet and water supply at Khatyakha was awarded to M/s Tashi Construction and there were unadjusted Public Works Advances (PWA) of Nu.0.931 million against the contractor. Since the work could not be completed in FY 2009-2010, it was kept under 'Closed Work' till completion of works and making the final payments on 10 April 2012.

The Accountant had adjusted the total advances amounting to Nu.0.931 million from the final bill and withheld by the Accountant till 5 May 2013. After a lapse of 11 months, Nu.0.488 million was deposited with the Dzongkhag Administration, and the remaining balance of Nu.0.443 million was retained by the Accountant and remitted only on 19 July 2017 upon detection by the Dzongkhag Administration.

Similarly, for the construction of a 32-bedded hostel at Sinchula by M/s Sonam Construction, the accountant had adopted the above modus operandi and retained the amount of Nu.0.086 million till the Dzongkhag Administration detected it, and then only the amount was deposited to DPA on 4 August 2017.

The above lapses are indicative of weak internal controls including the supervisory and monitoring controls that provided ample opportunity for the Accountant to take undue financial advantage by retaining huge cash at his discretion. *AIN: 15357; Para: 21; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID #9308053.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court., The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Amount of Nu. 529,100.00 was deposited into ARA vide non-revenue receipt no. 456452 dated 27/06/2018 and legal action was initiated against the accountable official as per court verdict No. Chhukha/23-140 dated 02/08/2023. Hence the observation was settled.

1.4. ENCASHMENT OF STATUTORY REMITTANCES THROUGH SELF-CHEQUE - NU.0.127 MILLION

The DAP had remitted statutory deductions amounting to Nu.0.127 million to respective agencies and departments through the issuance of self-cheques for the financial year 2015-2016. As per vouchers, the payments of remittances were transferred through an account payee cheque. However, there were no money receipts/acknowledgment receipts attached to the payment vouchers. A review of cheques deposited with the Bank of Bhutan, Phuentsholing, revealed that the remittance cheques were drawn as self-cheques in the name of the Accountant instead of account payee cheques to respective agencies/departments.

The encashment of a Cheque by the Accountant for remitting the statutory remittance when it should have been an account payee Cheque as per the voucher is not in line with the provision of the FRR. The lapses had occurred mainly due to a lack of integrity, which was further compounded by poor supervision and weak internal control, leading to irregular financial transactions. *AIN: 15334; Para: 37; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation Not Settled.*

Amount recovered but administrative action pending. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, the observation remains unsettled as of 29 February 2024, until the judgment amount Nu. 126,972.00 (ref. verdict serial No. 7.1.35) was to be recovered.

1.6. INTENTIONAL BOOKING OF EXCESS ALLOWANCE AND MISAPPROPRIATION - NU.0.116 MILLION

The Accountant of DAP had misappropriated Nu.0.116 million by double booking excess allowance against two teachers of Darla Middle Secondary School, working under DAP. Cross-checking the disbursement statement with records of BoBL revealed that the excess allowances were not deposited into the two teachers' savings accounts but were found misappropriated by the Accountant. The lapses had occurred mainly due to a lack of integrity in the discharge of official duties, compounded by an apparent lack of supervision and monitoring controls by official holding positions of responsibility, leading to the siphoning of Government funds. *AIN: 15334; Para: 3; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

The amount has been adjusted since it was already deposited at the memo stage vide receipt No. 456454 dated 02.07.2018, however, administrative action needs to be taken against the accountable persons.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 116,000.00 was deposited into ARA vide Receipt No. 456454 dated 02/07/2018 (ref. verdict serial No. 7.1.10). Hence, the observation was settled.

1.7. INFLATING THE BILLS OF CONTRACTOR FOR PERSONAL GAIN - NU.0.106 MILLION

The Accountant of the DAP had inflated the Running Account Bills of the contractor amounting to Nu.0.106 million in the construction of Kitchen and Dining hall at Sinchula PS awarded to M/s Nimgang Construction, Chukha. The accountant had booked more expenditure than the expenditure claimed by the contractor or certified by site engineer in the MB. The lapse was an intentional act of the dealing Accountant to defraud the Government. *AIN: 15334; Para: 26; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases

forwarded to Court to the RAA.

The Royal Court of Justice, District Court, Chhukha has rendered a verdict vide No. Chhukha-23/140 dated 02/08/2023 against Mr. Chimi Dorji, however, OAAG, Pling could not establish if any charge sheet is filed in the court for its decision against the observation.

However, the observation remained unresolved as of 29 February 2024, as it was reported as subjudice in the Phuntsholing Dungkhag Court.

1.8. IRREGULAR PAYMENT THROUGH FRAUDULENT TRANSACTIONS - NU.0.097 MILLION

The DAP had made irregular payments amounting to Nu.0.309 million to the Accountant during the financial year 2016-2017.

- Amount of Nu.0.123 million was booked as payment to Dungkhag staff on account of various claims, of which the Accountant had booked Nu.0.043 million under object code 96.01 'Payment of refundable deposit' but the payment was found encashed by the Accountant through self cheque and not disbursed to the staff;
- The amount of Nu.0.045 million was booked as payments of a Rural Life Insurance Claim and was found inflated in the payment vouchers as against the actual payments disbursed and supported by documents. The inflated amount was retained by the Accountant and was not accounted for in the books of Account;
- The amount of Nu.0.221 million was booked as a security deposit refund to M/s Tshering Construction but the original voucher was not available for verification. M/s Tshering Construction also confirmed that the firm did not receive the amount.

The lapses had occurred mainly due to a lack of integrity on the part of dealing accountant in delivery of official duty, a situation further exacerbated by poor supervision and weak internal controls, leading to siphoning of Government funds.

As of 31 March 2019, the amount remaining unresolved was Nu.0.097 million. *AIN: 15334; Para: 8; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 168,832.00 restituted as per the verdict (ref. Serial No. 7.1.40 of the verdict), vide Receipt No. 456192 dated 11/04/2018. Hence the observation was settled.

1.9. DOUBLE BOOKING OF RETIREMENT BENEFITS AND MISAPPROPRIATION - NU.0.091 MILLION

The Accountant of DAP had misappropriated Nu.0.196 million by double booking the retirement benefits of a deceased teacher of Chongaykha Primary School in different financial years. The deceased teacher was entitled to Nu.0.214 million but the total payment amounted to Nu.0.319 million with resultant double payment of Nu.0.105 million. Further re-verification of the transactions with the Bank of Bhutan, Phuentsholing revealed the total amount embezzled and deposited into the Accountant's personal saving account was Nu.0.196 million.

The lapses had occurred mainly due to a lack of integrity on the part of dealing accountant which was further exacerbated by poor supervision and weak internal controls leading to the siphoning of government funds. The accountant had refunded Nu.0.105 million into the ARA leaving a balance of Nu.0.091 million. The offense is liable for legal actions for fraudulent malpractices. *AIN: 15334; Para: 16; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

Out of the total accountable amount of Nu. 195,872.00 (ref. verdict serial no. 7.1.19), an amount of Nu. 105,102.00 was deposited into ARA vide Receipt No. 456195 dated 11/04/2018 leaving a balance of Nu. 90,770.00.

However, the observation remained unresolved as of 29 February 2024, until such time the balance amount of Nu. 90,770.00 is fully recovered.

1.10. CASH PAYMENT WITHOUT ACKNOWLEDGEMENT RECEIPTS - NU.0.086 MILLION

The DAP had made cash payments aggregating to Nu.0.086 million towards remittances of statutory deductions to various agencies. However, there were no acknowledgment receipts with the disbursement vouchers to authenticate the payment released. The lapses had occurred mainly due to a lack of integrity, which was exacerbated by poor supervision and weak internal controls, which provided an opportunity to misappropriate funds. *AIN: 15334; Para: 6; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to

submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

As per the verdict (ref. verdict serial no. 7.1.34), Chhimi Dorji should restitute an amount of Nu. 85,625.75 towards the observation. The observation is unsettled until the judgment amount is recovered and deposited into ARA under intimation to RAA.

1.11. EXCESS PAYMENT OF PAY AND ALLOWANCES - NU.0.048 MILLION

The DAP had made excess payment of Nu.0.105 million on account of Pay and Allowances to four officials who were either transferred to other agencies or terminated/resigned from service. The payments were found deposited into their respective individual savings account. The Accountant had accepted the lapse and deposited Nu.0.057 million into ARA leaving a balance amount of Nu.0.048 million. *AIN: 15334; Para: 39; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

The Royal Court of Justice, District Court, Chhukha has rendered a verdict vide No. Chhukha-23/140 dated 02/08/2023 against Mr. Chimi Dorji, however, OAAG, Pling could not establish if any charge sheet is filed in the court for its decision against the observation.

However, the observation remained unresolved as of 29 February 2024, as it was reported subjudice in the Phuntsholing Dungkhag Court.

1.12. DOUBLE BOOKING OF SALARY AND MISAPPROPRIATION - NU.0.030 MILLION

The Accountant of DAP had misappropriated Nu.0.168 million by double booking salaries against various teachers working under the Dungkhag Administration. The lapses had occurred mainly due to a lack of integrity on the part of the dealing accountants and were exacerbated by a lack of supervision and monitoring controls, leading to siphoning of government funds. As of 31 March 2019, the amount remaining unresolved amounted to Nu.0.030 million. *AIN: 15334; Para: 2; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA

conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

Out of the total accountable amount of Nu. 139,711.00 (ref. verdict serial No. 7.1.7), an amount of Nu. 109,959.00 was deposited into ARA vide Receipt No. 456303 dated 17/04/2018 leaving a balance of Nu. 29,752.00.

However, the observation remained unresolved as of 29 February 2024, until such time that the balance amount of Nu. 29,752.00 is fully recovered.

1.13. IRREGULAR PAYMENT OF RURAL LIFE INSURANCE CLAIMS - NU.0.030 MILLION

During the financial year 2015-2016, the Accountant of the DAP had booked Rural Life Insurance claims amounting to Nu.0.030 million in excess of the actual disbursement made to the beneficiaries and misused.

The lapses had occurred mainly due to lack of Integrity which was further exacerbated by poor supervision and weak internal control leading to misuse of government funds. *AIN: 15334; Para: 38; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drugpa, EID # 9208098.*

Status: Observation Settled.

Amount recovered but administrative action pending. The amount has been adjusted since it was already deposited while at the memo stage vide receipt No. 456198 dated 11.4.2018, however, administrative action needs to be taken against the accountable persons.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 30,000.00 was recovered and deposited into ARA vide Receipt No. 456198 dated 11/04/2018 (ref. verdict serial No. 7.1.39). Therefore, the observation was settled.

1.14. ADVANCE BOOKED AS FINAL EXPENDITURE - NU.0.030 MILLION

The Accountant of the DAP was sanctioned an advance of Nu.0.030 million to meet VVIP expenses. However, the amount was found booked as expenditure under object code 17.03 'Transportation' instead of as advance. There were no bills or records pertaining to the conduct of the activity. The lapses had occurred mainly due to poor supervision and weak internal controls. *AIN: 15334; Para: 40; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

The Royal Court of Justice, District Court, Chhukha has rendered a verdict vide No. Chhukha-23/140 dated 02/08/2023 against Mr. Chimi Dorji, however, OAAG, Pling could not establish if any charge sheet is filed in the court for its decision against the observation.

However, the observation remained unresolved as of 29 February 2024 as it was reported subjudice in the Phuntsholing Dungkhag Court.

1.15 IRREGULAR PAYMENT TO ACCOUNTANT - NU.0.030 MILLION

The DAP had irregularly disbursed Nu.0.030 million as a double salary advance. Based on the application of the Principal of Khatoeykha Primary School dated 9 October 2017, a salary advance of Nu.0.030 million was found booked vide DV No. 10.35 dated 10 October 2017 and paid in cash. Another salary advance of Nu.0.030 million was found booked vide voucher No.10.48 dated 16 October 2017 but without the signature of the recipient. However, the second payment was the actual advance amount released to the Principal as it was found deposited into the Principal's bank account. The lapses had occurred apparently due to a lack of integrity, which was further compounded by poor supervision and weak internal controls. *AIN: 15334; Para: 46; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, the observation remains unsettled as of 29 February 2024, until such time the judgment

amount is recovered (ref. verdict serial No. 7.1.41).

1.16 MISAPPROPRIATION OF FUNDS TRANSFERRED FROM MENJIWOONG CENTRAL SCHOOL FOR PAY AND ALLOWANCES OF TRANSFEREES

The Accountant of DAP had requested Menjiwoong Central School (MCS), Samdrup Jongkhar to transfer Pay and Allowances in respect of Mr. Tshering upon his transfer as Principal of Darla MSS. Accordingly, MCS deposited Nu.0.463 million into the personal savings account of the Accountant of DAP in violation of the provision of FRR 2016. As per the PEMS, the Accountant had deposited the amount into the Non-Revenue account but in actuality, the amount was found retained in his account. The amount deposited in the non-revenue account was met from normal budgetary funds.

The lapses had occurred mainly due to a lack of integrity in the discharge of official responsibilities, which was further exacerbated by poor supervision and monitoring controls leading to the siphoning of government funds. *AIN: 15334; Para: 10; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 462,601.00 was recovered and deposited into ARA vide Receipt No. 456317 dated 19/04/2018. (ref. verdict serial No. 7.1.14). Therefore, the observation was considered settled.

1.17 MISAPPROPRIATION OF PAY AND ALLOWANCE THROUGH FRAUDULENT MALPRACTICES

The Accountant of the DAP had misappropriated Pay and Allowance amounting to Nu.0.491 million through fraudulent malpractices. Scrutiny of the statement of salary disbursement sent to the BOBL, Phuentsholing against the deposit of salaries into the employees' savings account in the bank revealed that the amounts booked were not deposited into the respective savings accounts.

The Accountant had deposited some amounts into his personal savings account as well as into his daughter's account; paid teachers higher salaries as per the pay bill and then recovered the excess payments in the form of claims for transfer grants or leave encashment; and also paid salaries to a ghost employee from October 2015 till February 2016. The lapses had occurred mainly due to a lack of Integrity, which was further exacerbated by poor supervision and monitoring controls, leading to the siphoning of government funds.

The amount was deposited into ARA by the Accountant pending appropriate actions for fraudulent malpractices. *AIN: 15334; Para: 31; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098*

Status: *Observation Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 490,722.00 was recovered and deposited into ARA vide Receipt No. 456318 dated 19/04/2018. Hence the observation was settled.

1.18. HUGE SANCTION OF PW ADVANCES AND IRREGULAR ADJUSTMENTS LEADING TO MISUSE OF FUND

The DAP had sanctioned advances amounting to Nu.0.420 million of which Nu.0.300 million was for disbursement of Rural Life Insurance claims for the financial year 2016-2017. However, the Accountant had directly paid the claims without adjusting the advance.

- The amount of Nu.0.250 million was booked under capital expenditure without any supporting documents;
- Nu.0.040 million was booked under capital expenditure towards the end of the financial year to avoid the lapse of the fund and was withheld in the form of the draft;
- Nu.0.030 million was adjusted as other recoveries deducted from the monthly pay bill of employees for excess/inadmissible payments made earlier. There were no supporting documents; and
- Nu.0.040 million was adjusted against expenses incurred for the conduct of office Rimdro. However, the expenses were found deducted from individual employee's pay bills and not from government funds.

The original Journal Vouchers (JV) were not made available at the time of the audit which indicated that the JV adjustments were executed in the system merely to liquidate the advance for personal benefits. The lapses had occurred apparently due to a lack of segregation of duties in the operation of PEMS as the dealing Accountant was granted full financial autonomy in preparing and approving the vouchers in PEMS. This was further exacerbated by poor supervision and monitoring controls, which provided avenues to misappropriate government funds. *AIN: 15334; Para: 5; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases

forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 360,000.00 was deposited into ARA vide Receipt No. 456304 dated 17/04/2018 towards the observation (ref. verdict serial No. 7.1.29). Hence, the observation is settled.

1.19. DEPOSIT OF RESUNGPAS' SALARY INTO PERSONAL ACCOUNT

- i. During the FY 2016-17, the Dzongkhag Administration, Chhukha had released Nu.0.352 million in the personal account of the Accountant of DAP for further disbursement of salaries of *Resungpas* under the Dungkhag Administration. However, the salaries to *Resungpas* were found to meet from the normal budget of the Dungkhag Administration, and the amount deposited by the Dzongkhag Administration, Chukha was not accounted for in the Dungkhag Administration's books of accounts.
- ii. Similarly, during the FY 2015-16, the Accountant had misappropriated Nu.0.185 million on account of salaries for *Resungpas* under the Dungkhag Administration, Phuentsholing using the same modus operandi.

Further, there were no supporting documents such as money receipts or acknowledgment receipts for the amounts disbursed to the *Resungpas* due to which the authenticity of the payment could not be vouched. The lapses had occurred mainly due to a lack of integrity that was further exacerbated by an apparent lack of supervision and monitoring controls by officials holding positions of responsibility, leading to the siphoning of government funds.

The amount was deposited into ARA by the Accountant pending appropriate actions. *AIN: 15334; Para: 4 & 34 Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 351,600.00 was deposited into ARA vide Receipt No. 456191 dated 11/04/2018 towards the observation (ref. verdict serial No. 7.1.13). Hence, the observation is settled.

1.20. MISAPPROPRIATION OF GOVERNMENT FUNDS THROUGH WRONG BOOKING OF REMITTANCES

The DAP had remitted Nu.0.293 million and Nu.0.292 million to the Department of Revenue and

Customs (DRC) on account of salary tax and Health contribution for October 2017 on 10 October 2017 and 15 October 2017 respectively. There was no acknowledgment receipt available for authentication of the first remittance and the second remittance was found wrongly booked as expenditure under object code 24.03 'Contribution of Provident Fund'. The actual statutory deductions and amount of remittances as per the DRC's RAMIS was Nu.0.292 million with resultant excess payment of remittance amounting to Nu.0.293 million.

The lapses had occurred mainly due to a lack of integrity and poor supervision and monitoring controls. The Accountant had deposited the amount into ARA but appropriate action is pending. *AIN: 15334; Para: 44; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted tyearsars' imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, the observation remained unresolved as of 29 February 2024 as it was reported subjudice in the Phuntsholing Dungkhag Court.

1.21. DOUBLE BOOKING OF SALARY

The Accountant of the DAP had booked double salaries amounting to Nu.0.209 million against teachers and Health staff working under DAP during the FY 2015-16. While the first payment was made to the teachers and health staff, the second payment was deposited into the Accountant's savings and the accounts of his relatives and daughter.

The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 32; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is

liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 208,929.00 was recovered and deposited into ARA vide Receipt No. 456307 dated 17/04/2018 (ref. verdict serial No. 7.1.6). Hence the observation was settled.

1.22. HUGE SANCTION OF PW ADVANCES IN THE NAME OF DEALING ACCOUNTANT AND IRREGULAR ADJUSTMENTS THEREOF

The DAP had sanctioned Nu.0.300 million to the Accountant in the financial year 2015-2016 for disbursement of Rural Life Insurance claims. However, the Accountant had directly paid the claims without adjusting the advance and had kept a huge cash balance at his discretion.

Further, the adjustment of advances of Nu.0.149 million was made through irregular procedures as follows:

- The amount of Nu.0.134 million was adjusted by booking the expenditure under object code 1.01 'Pay and Allowance' and 2.01 'Other Personnel Emoluments' without any supporting documents. Further, there were no deductions/adjustments for the same in any of the pay bills; and
- Amount of Nu.0.015 million was adjusted from a contractor's claim without authorization from the contractor.

The lapses had occurred apparently due to a lack of integrity poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 35; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 148,724.00 was recovered and deposited into ARA vide Receipt No. 456313 dated 17/04/2018 (ref. verdict serial No. 7.1.28). Hence the observation was settled.

1.23. IRREGULAR CREATION OF STATUTORY RECEIPT BALANCES

The Accountant of the DAP had created statutory deductions amounting to Nu.0.134 million on account of Tax Deducted at Source (TDS) but without any supporting documents. The amount was found deposited into the DRC account as per bank confirmation. A statutory deduction such as TDS is meant to be collected at the source of the income, there was no requirement to create separate receipts without any source of income. The lapses had occurred apparently due to a lack of integrity, poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 45; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 134,000.00 was recovered and deposited into ARA vide Receipt No. 456311 dated 17/04/2018 (ref. verdict serial No. 7.1.38). Hence the observation was settled.

1.24. EMBEZZLEMENT THROUGH DOUBLE BOOKING OF ARREAR PAYMENT

The Accountant of the DAP had embezzled Nu.0.098 million through a double booking of arrear payment. A sum of Nu.0.178 million was found booked on 9 March 2017 on account of arrear payment of pay and allowance to the employees. Another arrear payment of Nu.0.098 million was found booked again on 10 March 2017 and deposited into his personal savings account. The lapses are indicative of deliberate misuse of funds through the fabrication of accounting records, facilitated by poor supervision and weak internal control. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 15; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 98,000.00 was recovered and deposited into ARA vide Receipt No. 456306 dated 17/04/2018 (ref. verdict serial No. 7.1.18). Hence the observation was settled.

1.25. ADVANCE BOOKED AS EXPENDITURE AND MISUSE OF FUNDS

The DAP had sanctioned Nu.0.080 million as advance to the Accountant to meet expenses for VVIPs. However, the advance amount was recorded as final expenditure under object code 51.01 'Expenditure on structure: Building'. There were no bills and records pertaining to the conduct of activity and the

fund was misused by accountant.

The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 9; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years' imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 80,000.00 was recovered and deposited into ARA vide Receipt No. 456193 dated 11/04/2018 (ref. verdict serial No. 7.1.32). Hence the observation was settled.

1.26. MISAPPROPRIATION OF PAY AND ALLOWANCE THROUGH FRAUDULENT MALPRACTICES

The Accountant of the DAP had booked pay and allowances amounting to Nu.0.071 million during the financial year 2017-2018 against ghost employees or those on extra ordinary leave. In addition, there were also cases of excess booking of salary against some officials.

Scrutiny of salary disbursement sent to the BOBL, Phuentsholing against the actual deposit into the employees' saving accounts revealed that the amounts were not deposited in their bank accounts but were found deposited into his personal saving account and into the saving account of his daughter, who was listed as a teacher of Chongaykha Community Primary School. An employee named Dawa Gyeltshe was included in the pay bill and booked salary as Caretaker of Chongaykha CPS for 4 months from July to Oct 2017, but the employee did not exist as confirmed by the Dungkhag Education Section and the Administration Section.

The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 43; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC

however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years' imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 71,075.00 was recovered and deposited into ARA vide Receipt No. 456310 dated 17/04/2018 (ref. verdict serial No. 7.1.4; 7.1.8 & 7.1.24). Hence the observation was settled.

1.27. BOOKING OF EXCESS ALLOWANCE FOR PERSONAL GAIN

The Accountant of the DAP had booked excess allowances amounting to Nu.0.048 million against two teachers from Darla MSS and Lokchina LSS during the financial year 2015-2016. However, the amount was deposited into the Accountant's personal savings account. The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 33; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 48,250.00 was recovered and deposited into ARA vide Receipt No. 456308 dated 17/04/2018 (ref. verdict serial No. 7.1.9). Hence the observation was settled.

1.28. INADMISSIBLE BOOKING OF LTC/LE AND MISAPPROPRIATION

The Accountant of DAP had misappropriated Nu.0.045 million by booking Nu.0.015 million as LTC and Nu.0.030 million as Leave Encashment against a teacher of Darla MSS who was on extraordinary leave. The amount was found deposited into his daughter's savings account. The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 18; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical

treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

An amount of Nu. 45,000.00 was recovered and deposited into ARA vide Receipt No. 456197 dated 11/04/2018 (ref. verdict serial No. 7.1.21). Hence the observation was settled.

1.29. IRREGULAR PAYMENT OF LEAVE ENCASHMENT AND MISAPPROPRIATION

- i. The Accountant of the DAP had paid Nu.0.019 million to a teacher of Pachu Central School on account of leave encashment for the financial 2016-2017. However, the teacher did not have enough leave balance and hence was not entitled to the allowance.
- ii. Similarly, the Accountant had misappropriated Nu.0.014 million pertaining to Primary Education under the Dungkhag by booking LTC and Leave Encashment in excess of their entitled amount.

The amount was found deposited into his personal savings account. The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 14 & 17; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: a) Karma Rinchen, Sr. Drungpa, EID # 9308053; b) Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to Court to the RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years' imprisonment and he is liable to retribute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, an amount of Nu. 18,545.00 was recovered and deposited into ARA vide Receipt No. 456305 dated 17/04/2018 (ref. verdict serial No. 7.1.17) and Nu. 14,213.00 was recovered and deposited into ARA vide Receipt No. 456196 dated 11/04/2018 (ref. verdict serial No. 7.1.20). Hence the observation was settled.

2. Non-compliance to Laws and Rules - Nu.0.665 million

There were cases of non-compliance to laws and rules involving Nu.0.665 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Doubtful payment of refundable deposit to contractor	0.396	-	0.396
2.2	Cash payment without acknowledgment receipts	0.269	-	0.269
2.4	Non-closing of Closed Work Account	-	-	Unsettled
2.5	Booking of expenditure before completion of work and lapses thereof	-	-	Unsettled
	Total	0.665	-	0.665

The cases of non-compliance to laws and rules are as indicated below:

2.1. DOUBTFUL PAYMENT OF REFUNDABLE DEPOSIT TO CONTRACTOR - NU.0.396 MILLION

The DAP had a case of doubtful payment of a refundable deposit to a contractor amounting to Nu.0.396 million. Mjs Tshering Construction had requested for the refund of the security deposit on 27 March 2017 and a sum of Nu.0.396 million was found paid to the contractor on 7 August 2017 as a refund of 50% security deposit.

However, there was neither an acknowledgment receipt attached with the voucher nor the details of equivalent releases obtained from the DPA. Further, Nu.0.036 million was found wrongly booked under object code 21.03 'Current grant: Rural life Insurance Scheme'. *AIN: 15334; Para: 47; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to Court to the RAA.

The Royal Court of Justice, District Court, Chhukha has rendered a verdict vide No. Chhukha-23/140 dated 02/08/2023 against Mr. Chimi Dorji, however, OAAG, Pling could not establish if any charge sheet was filed in court against the observation.

However, the observation remained unresolved as of 29 February 2024, as it was reported subjudice in the Phuntsholing Dungkhag Court.

2.2. CASH PAYMENT WITHOUT ACKNOWLEDGEMENT RECEIPTS - NU.0.269 MILLION

The Accountant of the DAP had made cash payments aggregating to Nu.0.269 million on account of remittances of statutory deductions and deposit of refundable deposits. Amount of Nu.0.217 million pertained to deposit into Refundable deposit account and Nu.0.052 million pertained to remittances to RRCO, Phuentsholing but the payments were not supported by acknowledgment receipts from bank to authenticate the payments. The lapses had occurred mainly due to lack of integrity, poor supervision and weak internal control system. *AIN: 15334; Para: 36; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

However, the observation is unresolved as of 29 February 2024, until the judgment amount of Nu. 269,198.00 (ref. verdict serial No. 7.1.33) is recovered and intimated.

2.3. EXECUTION OF SUB-STANDARD WORK

- a) The Dzongkhag Administration, Chhukha had accepted sub-standard work executed by M/s Zambala Construction, Sarpang in the re-construction and maintenance of the Water Supply to Gedu Town. The excavation in foundation trenches and the construction of the distribution tank were not executed as per specification, thus leading to improper laying of HDPE pipes and substandard works. The joints of the HDPE pipes at various intervals and the distribution tank were found damaged and leaking, thus depriving the public of adequate water supply and aggravating the shortage of water. The lapses had occurred mainly due to inadequate monitoring and supervision at the time of execution coupled with a lack of due diligence in discharging responsibility by the site engineer. *AIN: 15357; Para: 3.2; Accountabilities: Direct: Damchoe Dorji, Municipal Engineer, EID # 201101228; Supervisory: Tshering Chopel, Chief Dzongkhag Engineer, EID # 8808013.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the former Municipal Engineer, Damchoe Dorji reported that despite continuous follow-ups for the last three years the construction firms did not pay heed to the audit observation against the sub-standard works executed by them during the financial year 2016 – 2017. He further, reported that on 31 August 2021, he had submitted a letter addressed to DASHO DZONGDAG requesting the Dzongkhag Administration to take legal recourse against the firm.

It was decided that the Dzongkhag Administration and OAG should have a bilateral meeting on the issue and submit an action-taken report to PAC by 31 April 2023.

Subsequently, it was reported that as per the verdict of the Chhukha Dzongkhag Court, the Dzongkhag Administration is eligible to recover a sum of Nu. 566,068.90 from Tawgay inclusive of a 24% penalty till the date of the registration of the case. The judgment debtor was contacted via phone call for restitution of the amount but the Dzongkhag Administration informed that he has been detained by Samdrupjongkhag police for another case.

In accordance with the resolution of the meeting conveyed on 11/09/2023 under the leadership of AG, the Dzongkhag Tender Committee has submitted the current status report of the infrastructure vide its letter No. CDA/DES-07/2022-2023/1326 dated 20/09/2023 affirming that the issue has been rectified. The representative/Thuemi of Gedu Throm has also shared the same. Hence, the observation is settled.

2.4 NON-CLOSING OF CLOSED WORK ACCOUNT

The Dungkhag Administration, Phuentsholing had failed to close the 'Closed Work Account' for fund balances pertaining to closed work booked in FY 2014-2015. The 'Closed Work Account' balance at the end of 2016-2017 was Nu.2.105 million of which Nu.1.661 million were incurred as expenditure in FY 2017-2018 leaving a balance of Nu.0.444 million. In addition, there were a fund balance of Nu.0.027 million from FY 2015-2016 and Nu.0.374 million and Nu.0.112 million brought forward from FY 2014-2015 bringing the total balance at the end of FY 2017-2018 to Nu.0.958 million.

The lapses had occurred due to failure on the part of the Drungkhag Administration to settle the fund balances after the completion of work booked under closed work. *AIN: 15334; Para: 24; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation Not Settled.*

From the Principal amount of Nu.0.444 million, an amount of Nu. 0.284 million was deposited vide receipt no. 456360 dated 31.5.2019. However, the balance amount of Nu.0.159 million along with 24% penalty is still recoverable.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. The PAC however had directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

The Royal Court of Justice, District Court, Chhukha has rendered a verdict vide No. Chhukha-23/140 dated 02/08/2023 against Mr. Chimi Dorji, however, OAAG, Pling could not establish if any charge sheet was filed in court against the observation.

Observation remained unresolved as of 29 February 2024, as it was reported as subjudice in the Phuntsholing Dungkhag Court.

2.5. BOOKING OF EXPENDITURE BEFORE COMPLETION OF WORK AND LAPSES THEREOF

The DAP had booked expenditure on spillover construction activities towards the end of the financial year 2016-2017 and had retained the funds in the form of demand drafts to prevent the lapse of the following funds:

Sl. No.	Name of Work	Name of Firm	Amt. Booked (Nu. in Million)
1.	Const. of Water supply, playfield, and approach road at khateykha PS	M/s Jang Choling Construction	1.177
2.	Const. of 64 bedded hostel and principal quarter at Sinchula PS	M/s Penden Lham Construction	2.613
3.	Const. of staff quarter at Lingdhen PS	M/s O Lays Construction	1.000
4.	Const. of six unit classroom and pour flush toilet at Wangdigatsel PS	M/s Tandin Techno Construction	1.777
5.	Const. of staff qtr. At Khataykha	M/s ShingJogthang Construction	1.784

With regard to s/n 2, the contractor had completed the work and submitted the bills for Nu.2.173 million against which Nu.2.613 million had been paid. Thus, the contractor was either granted an undue favor of Nu.0.440 million in the form of payment without execution of work or cannot rule out the misuse of the differential amount by dealing officials. Similarly, with regard to s/n 4, the contractor had completed the work and submitted the bills for Nu.1.145 million against which Nu.1.778 million had been paid. Thus, the contractor was either granted an undue favor of Nu.0.633 million in the form of payment without execution of work or cannot rule out the misuse of the differential amount by dealing officials.

For s/n 1, 3 & 5, the works were still incomplete and the measurement books did not record the details of work done although the demand drafts were released to the contractors indicating undue financial favor being extended to the contractors. *AIN: 15334; Para: 25; Accountabilities: Direct: Basant Kumar Rai, JE, EID # 201310030; Chhimi Dorji, Accountant, EID # 9206009; Rupa Gurung, Engineer, EID # 200307012; Sonam Choden, Engineer, EID # 200407012; Yashoda Phuyel, Account Assistant, EID # 200507269; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation Not Settled.

An amount of Nu.7.174 million was resolved vide letter no. PDA/ADM-16/2018-2019/2854 dated 18.6.2019. However, the observations pertaining to Chhimi Dorji and Basant Kumar Rai amounting to Nu. 1.177 million along with a 24% penalty is still recoverable.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 29 February 2024 as it is reported subjudice in the Phuntsholing Dungkhag Court.

3. Shortfalls, Lapses and Deficiencies - Nu.0.867 million

There were cases of shortfalls, lapses, and deficiencies involving Nu.0.867 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1.3	Overpayment due to improper verification of work done – Nu.0.321 million	0.321	-	0.321
3.3	Adjustment of advances without supporting documents	0.247	-	0.247
3.3.1	Outstanding Public Work Advances	0.131	-	0.131
3.3.2	Overdue Public Work Advances	0.130	-	0.130
3.5	Excess payments on procurement of laptop computers, furniture, and equipment	0.038	-	0.038
	Total	0.867		0.867

The cases of shortfalls, lapses and deficiencies are as indicated below:

OVERPAYMENT DUE TO IMPROPER VERIFICATION OF WORK DONE – NU.0.321 MILLION

The Dzongkhag Administration, Chhukha had made over payment of Nu.0.321 million to M/s Zambala Construction, Sarpang in there-constructionn and maintenance of Water Supply to Gedu Town due to improper verification of work done. The contractor had claimed for quantities in excess of items of work actually executed at the site with resultant excess payment. The excess payment had occurred mainly due to failure of the site engineer to properly verify the contractor's claim iconcerningdrawings and actual work done at site and ensure the admissibility of contractor's claims. *AIN: 15357; Para: 3.1; Accountabilities: Direct: Damchoe Dorji, Municipal Engineer, EID # 201101228; Supervisory: Tshering Chopel, Chief Dzongkhag Engineer, EID # 8808013.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Municipal Engineer, Damchoe Dorji reported that after the issuance of audit memo the contractor was requested to come for joint measurement but couldn't because the contractor was already in detention (police custody) due to some other issue.

It was decided that Dzongkhag Administration and RAA should have a bilateral meeting in resolving the issue by 3rd April 2023.

Subsequently, it was reported that as per the verdict of Chhukha Dzongkhag Court, the Dzongkhag Administration is eligible to recover a sum of Nu. 5, 66,068.90 from Tawgay inclusive of 24% penlaty till date of the registration of case. The judgment debtor was contcated via phone call for restitution of the amount but the Dzongkhag Administration informed that he has been detained by Samdrupjongkhag police for another case.

Amount of Nu. 50,000/- is recovered vide receipt no. 01996 dated 14.03.2023. The observation shall remain unsettled until the balance amount of Nu. 516,068.90 is recovered and deposited into ARA.

3.3 ADJUSTMENT OF ADVANCES WITHOUT SUPPORTING DOCUMENTS - NU.0.247 MILLION

During financial year 2015-2016, the Dungkhag Administration, Phuentsholing had adjusted outstanding PW Advances amounting to Nu.0.247 million without supporting documents. The lapses had occurred due to lack of proper segregation of duties in operation of PEMS. The Accountant had single handedly carried out the preparation and approval of vouchers in the system that facilitated the fabrication of records. *AIN: 15334; Para: 41; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

According to the Court Verdict No. Chhukha-23/140 dated 02/08/2023 of the Royal Court of Justice, District Court, Chhukha, the offender Chimi Dorji is convicted to 5 years imprisonment and he is liable to restitute a total of Nu. 7,265,625.55. Of the total amount, an amount of Nu. 4,247,493.00 is

recovered and the balance amount of Nu. 3,018,132.55 should be restituted within 6 months.

Further, an amount of Nu. 101,490.00 only is liable to retribute towards the observation as per the verdict (ref. verdict serial No. 7.1.31).

However, the observation remained unresolved as of 29 February 2024 as it is reported subjudice in the Phuntsholing Dungkhag Court.

3.3.1 OUTSTANDING PUBLIC WORK ADVANCES - NU.0.131 MILLION

The Dungkhag Administration, Phuentsholing had overdue outstanding Public Work Advances (PWA) amounting to Nu.0.161 million as of 30 June 2017. Advance amounting to Nu.0.030 million pertained to the Cultural Officer as DSA for Dancers and Nu.0.130 million was found released to Chhimi Dorji, Accountant as advance for RIS. The lapses had occurred due to non-adherence to the provisions of FRR. *AIN: 15334; Para: 30; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Ugyen Choda, Cultural Officer, EID # 200905024; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

The Royal Court of Justice, District Court, Chhukha has rendered a verdict vide No. Chhukha-23/140 dated 02/08/2023 against Mr. Chimi Dorji, however, OAAG, Pling could not establish if any charge sheet was filed in court against the observation.

However, the observation remained unresolved as of 29 February 2024 as it is reported subjudice in the Phuntsholing Dungkhag Court.

3.3.2 OVERDUE PUBLIC WORK ADVANCE - NU.0.130 MILLION

The Dzongkhag Administration, Chhukha had overdue outstanding Public Work Advances (PWA) amounting to Nu.0.434 million. Some of the PW Advances were found carried forward from FY 2010-2011 when the records were migrated from Budget and Accounting System (BAS) to the current Public Expenditure Management System (PEMS).

The lapses had occurred due to failure on the part of the Dzongkhag Administration to follow-up with individuals concerned on time. As of 31 March 2019, Nu.0.304 million was recovered leaving a balance of Nu.0.130 million. *AIN: 15357; Para: 20; Accountabilities: Direct: Nim Zam, Accounts Officer, EID # 201101052; Supervisory: Bhim Raj Yogi, Sr. Finance Officer, EID # 200601030.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Accounts Officer, Nim Zam reported that the project was funded by Ministry of Information and Communications and the work was executed during the financial year 2010 to 2011. RAA audited the works during 2018 and issued memo against this work. It was further stated that matter was followed up with the contractor to recover the amount but couldn't as the contractor was not financially sound to repay the same. Mr. Tshewang Jamtsho, contractor, initially acknowledged to repay the amount but due to sudden demise of multiple

members of his family he went bankrupt and couldn't pay the amount. It was also stated that his contract license has been cancelled as of now. However, the works was completed by him. Therefore, it was requested to waive of the amount and drop this issue.

The RAA stated that such issues cannot be waived off arbitrarily unless the contractor is declared bankrupt by the Royal Court of Justice.

It was decided that Dzongthe khag Administration should exhaust all means to recover the amount from the contractor and submit a report on the same to RAA by 31 April 2023. Further, if the contractor wishes to apply for bankruptcy he can do so through legal process and if declared bankrupt the same should be reported to RAA for appropriate decision.

The outstanding PWA of Nu. 14,899.87 revealed against D B Biswa (Party code 9508016) has been reported as adjusted via JV.6.40 dated 28/06/2018 in PEMS. However, the RAA could not authenticate the adjustments made without proper documents. As per the Dzongkhag Administration relating to other outstanding advances are filed with the Dzongkhag Court

A Followuppppppppt has been served vide letter No.RAA/OAAG-Pling/Chu-Dzo-A1/2023/85 date 15/02/2023 and awaited the ATR response. Therefore, the observation remained unsettled as of 29 February 2024.

3.4. EXCESS PAYMENTS ON PROCUREMENT OF LAPTOP COMPUTERS, FURNITURE AND EQUIPMENT - NU.0.038 MILLION

The Dungkhag Administration, Phuentsholing had made excess payments of Nu.0.048 million on the procurement of laptop computers, furniture and equipment. The lapses had occurred due to the failure of the dealing Accountant to check the bills properly before releasing payments to the suppliers. As of 31 March 2019, the unresolved amount stood at Nu.0.038 million. *AIN: 15334; Para: 22; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in the NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Out of Nu. 48,438.00 recoverable from the concerned suppliers, a sum of Nu. 10,760.00 was covered and deposited into Audit Recoveries Account vide non-revenue receipts no. 456200, 456301 & 456302 dated 13.04.2018 leaving a balance of Nu. 37,678.00.

The balance amount of Nu. 37,678.00 pertaining to procurement of Laptop - Dell Inspiron, Intel core i5 (5000 series, touch screen) maintained with OAAG, Phuentsholing should be recovered within three months from the date of issue of the Report beyond which penalty @ 24% per annum shall be levied as per FRR 2016, Chapter IV, Section 4.5.1.4 of Finance and Accounting Manual.

1.3.2.3 DZONGKHAG ADMINISTRATION, GASA

During the year, the RAA conducted two audits of Dzongkhag Administration, Gasa. There were 20 observations amounting to Nu.13.395 million of which seven observations amounting to Nu.7.544

million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.5.851 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.461 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.5.390 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review the the status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularity of Nu. 0.005 million reported to the Parliament in April 2023 was considered settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.in Million)	Amount resolved (Nu.in Million)	Balance as of 29/02/2024 (Nu.in Million)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.005	0.005	-	100.00
	Total	0.005	0.005	-	100.00

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.005 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.005 million as summarised below:

Sl. No.	Observation in Brief	Amount (Nu. in million)	Settled (Nu. in million)	Balance (Nu. in million)
2.2	Inadmissible payment of TA/DA and porter/pony during PHCB 2017	0.005	0.005	-
2.3	Non-reconciliation of employer's and employee's contribution	-	-	Settled
	Total	0.005	0.005-	-

2.2. INADMISSIBLE PAYMENT OF TA/DA AND PORTER/PONY DURING PHCB 2017 - NU.0.005 MILLION

The Dzongkhag Administration, Gasa had made an inadmissible payment of Nu.0.133 million on account of TA/DA and Porter/Pony during the Second Population and Housing Census of Bhutan (PHCB) 2017. The officials were found to have claimed mileage despite using the pool vehicles and porter pony charges were also found paid irrespective of the places approved for Dholams by Dzongkhag Tshogdu. The lapses had occurred apparently due to non-compliance to directives of the Government and prevailing rules governing the payment. *AIN: 15682; Para: 6.2; Accountabilities: Direct: Refer Annexure given in audit report; Supervisory: Refer Annexure given in audit report.*

Status: Observation Settled.

The balance unsettled amount of Nu. 0.005 million (Nu. 5,250/- actual) reported earlier against Sonam Wangdi remained unrecovered. A Follow-up report was sent vide letter No. RAA/FUCD(Q3)

Gasa-Dzongkhag/2022/1450 dated 23/08/2022.

A review was conducted during the subsequent audit during Sept. - Nov. 2022, however, the observation remained unsettled.

However, upon review by the audit team for the audit of the Dzongkhag Administration, Gasa for the financial year 2022-2023, it was noted that the payment for porters/ponies was based on the dholam approved by the DT. Subsequently, after consultations with the Audit Advisory Committee, this observation was deemed settled, as documented in the Audit Report (AIN.SCD-2023-393).

2.3. NON-RECONCILIATION OF EMPLOYER'S AND EMPLOYEE'S CONTRIBUTION

The Dzongkhag Administration, Gasa had not reconciled the GPF contributions of employer and employees for the financial year 2016-2017 due to which payments from the employer's contribution were more than the employees' personal contribution by Nu.0.035 million. The lapses had occurred either due to non-remittance of employee's contributions or excess remittance of employer's contributions to the provident fund account. *AIN: 15682; Para: 13; Accountabilities: Direct: Leki Wangchuk, Accounts Assistant, EID 20130802304; Supervisory: Karma, Finance Officer, EID No. 200407063.*

Status: Observation Settled.

The observation was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Dzongkhag Administration, Punakha where the Dzongkhag Administration reported that two faculties were transferred to Tang Central School & Khasadrapchu Middle Secondary School in the middle of the financial year and since the salaries and other benefits payable to the faculties were in the Gasa Dzongkhag, the GPF contributions resulted unreconciled. The PAC advised the Dzongkhag to reconcile the difference and report to the RAA.

A Follow-up report was sent vide letter No. RAA/FUCD(Q3)Gasa-Dzongkhag/2022/1450 dated 23/08/2022. A review was conducted during the subsequent audit during Sept. - Nov. 2022, however, the status of observation remained unsettled.

However, the observation was considered settled based on the justifications and documents reviewed by the current audit team. The observation is reported as settled vide issue of Audit Report (AIN.SCD-2023-39).

1.3.2.4 DZONGKHAG ADMINISTRATION, HAA

During the year, the RAA conducted one audit of the Dzongkhag Administration, Haa. There were 4 observations amounting to Nu.0.337 million of which one observation amounting to Nu.0.016 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.321 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.321 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. However, the balance unsettled irregularities of Nu. 0.230 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.23	0.230	-	-
	Total	0.230	0.230	-	100.00

The details of unsettled irregularities reported to the Parliament as of 31 March 2022, irregularities settled thereafter and the balances as of 31 March 2023 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.230 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.230 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Excess payment due to wrong adjustment of running bills	0.230	0.230	-
	Total	0.230	0.230	-

1.1. EXCESS PAYMENT DUE TO WRONG ADJUSTMENT OF RUNNING BILLS - NU.0.230 MILLION

The Dzongkhag Administration, Haa had made excess payment of Nu.0.230 million to the contractor due to wrong adjustment of running bills for Providing Bhutanese Traditional paintings for newly constructed Dratsha at Lhakhang Karpo Conservation project, Haa. The lapses had occurred due to lack of proper communication between the project management and the Accounts Section. *AIN: 15359; Para: 1.1; Accountabilities: Direct: Namgay Lhamo, Accountant, EID # 200907172; Supervisory: Tshewang Dem, Dy. Chief Budget Officer, EID # 200201016.*

Status: Observation settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Internal Auditor reported that the case was filed on 3 Feb. 2021 before the Dzongkhag Court (Haa) and all the proceedings had been completed and judgment of the court was awaited.

The PAC directed the Dzongkhag to submit the documents relating to the case forwarded to Dzongkhag Court to RAA.

As per the response letter No. DAH/IAS/06-22-23/nil dated. 29/12/2022, the case is now in the Supreme Court. An amount of Nu. 80,480.00 was deposited vide Receipt No. 01710 dated 20.07.2023. Further, Nu. 75,000.00 and Nu. 74,520.00 were respectively deposited vide Receipt Nos. 02932 and 02933 dated 31/07/2023. Consequently, the total sum of Nu. 230,000.00 has been deposited in the Audit Recovery Account.

The balance amount of Nu. 265,416.06 (24% penalty) has been treated as settled based on the court verdict No. Thrimchoed-ang(Haa22-75 dated 13/03/2023.

1.3.2.6 DZONGKHAG ADMINISTRATION, MONGGAR

During the year, the RAA conducted three audits of the Dzongkhag Administration, Monggar. There were 39 observations amounting to Nu.6.864 million of which seven observations amounting to Nu.0.101 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.763 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.646 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.6.117 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, out of the total unsettled irregularities of Nu.1.070 million reported to the Parliament in April 2023; Nu.0.601 million was settled leaving a balance of Nu.0.469 million as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024(Nu .M)	% Resolved
1	Non-compliance to Laws and Rules	0.469	-	0.469	-
2	Shortfalls, Lapses and Deficiencies	0.601	0.601	-	100.00
	Total	1.070	0.601	0.469	56.17

The details of unsettled irregularities reported to the Parliament in April 2023, the irregularities settled thereafter and the unsettled ones as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.469 million

The case of non-compliance to laws and rules is as indicated below:

1.1. DELAY IN CONSTRUCTION OF SUB-POST, STAFF QUARTER AND TOILET AND APPLICABLE LIQUIDATED DAMAGES - NU.0.678 MILLION

The Dzongkhag Administration, Monggar had not levied liquidated damages amounting to Nu.0.678 million on M/s Zangchong Construction, Zhemgang for delay in completion of construction of Sub-post, Staff Quarter and Toilet at Silambi. The scheduled date of completion was 8 October 2016, but the work was not completed even at the time of audit in March 2018. The contractor was liable for the maximum liquidated damages of 10% on the contract price of Nu.6.782 million. The lapse had occurred due to certifying the work as complete without actual completion by the site engineer. *AIN: 15672; Para: 7; Accountabilities: Direct: Padam Bdr Rai, AE, EID # 20120100121; M/s Zangchong Const, Contractor, CDB #7644; Supervisory: Sonam Tashi, DE, EID # 200801079.*

Status Observation Not Settled.

Out of Nu.0.678 million, a sum of Nu.0.210 million was deposited with the RAA vide R/No.02073 dated 31/08/2021 leaving balance of Nu.0.468 million as of Aug. 2021.

The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Monggar reported that the construction of sub-post, staff quarter and toilet was completed. Out of Nu. 678,223/- of LD to be recovered, Nu.

20960.00/- was recovered and remaining Nu. 468,263/- was due but the same has not been updated in RAA's report. Further, Dzongkhag Adm. issued a reminder to the contractor for the payment of the remaining amount but he has not paid so far. The PAC directed the Dzongkhag Adm. to check the status of the contractor in the Construction Development Board and take legal recourse to recover the amount by 31 Aug. 2021.

A sum of Nu. 209,960.00 was deposited into ARA vide R/No.02073 dated 31/08/2021 and balance amount is still pending as of 15/09/2021. Follow-up Report issued vide letter No.RAA-Bt/Fus-01/2021/50 dated 27/07/2021 based on the ATR replies received vide letter No.MD/DES-15/2021/1443 dated 31/08/2021 & still not resolved as the details submitted to the RAA is not adequate. As per ATR received vide letter no.MD/ADM-07/2022-20236920 dated 12.05.2023, it states that all means of balance recovery from the contractor are exhausted as the contractor himself is in the central jail. Thus, the issue was appraised to AC. The half of amount was deposited from his security money.

However, the balance amount of Nu.0.469 million reported earlier remained unrecovered as of 29 February 2024.

2. Shortfalls, Lapses and Deficiencies – Nu.0.601 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.601 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.2	Non-rectification of damaged structure	0.601	0.601	-
	Total	0.601	0.601	-

2.2. NON-RECTIFICATION OF DAMAGED STRUCTURE - NU.0.601 MILLION

The Dzongkhag Administration, Monggar had not instructed M/s Sonam Lhamo Construction, Monggar to rectify the damaged wall measuring 25 meters costing Nu.0.601 million in the construction of the Retaining Wall at Silambi Pry School. It had remained unrectified as of the date of the audit. *AIN: 15672; Para: 6.1; Accountabilities: Direct: Padam Bdr Rai, AE, EID #20120100121; M/s Sonam Lhamo Construction, CDB #3408; Supervisory: Sonam Tashi, DE, EID #200801079.*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Monggar reported that the damaged structures were rectified within the defect liability period. The RAA requested the Dzongkhag Adm. to submit the documents related to the completion of the work and handing & taking of the same for the RAA's review and decision. The PAC directed the Dzongkhag that relevant documents should be submitted to the RAA by 31 Aug. 2021 for review and decision.

However, the observation was settled based on the replies furnished to RAA vide letter no. MD/ADM-07/2022-2023/6920 dated 12.05.23 along with a copy of pictorial evidences endorsed by the committee.

1.3.2.7 DZONGKHAG ADMINISTRATION, PARO

During the year, the RAA conducted two audits of the Dzongkhag Administration, Paro. There were 32

observations amounting to Nu.11.549 million of which 14 observations amounting to Nu.5.541 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.008 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.151 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu. 5.857 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review the status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, out of Nu. 1.229 million reported to the Parliament in April 2023; Nu. 1.183 million was resolved leaving a balance of Nu.0.046 million as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	1.229	1.183	0.046	96.26
	Total	1.229	1.183	0.046	96.26

The details of unsettled irregularities reported to the Parliament in April 2023; irregularities settled thereafter and the unsettled ones as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.046 million

There were cases of shortfalls, lapses, and deficiencies involving Nu.0.046 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.3	Payment for short/less execution of works resulting in excess payment	0.425	0.425	-
2.4	Less payment to the contractor	0.387	0.387	
2.5	Payment made at a higher rate resulting in excess	0.233	0.233	
2.6	Excess payment on account of short execution of work	0.046	-	0.046
2.7	Payment made for work not executed at the site	0.138	0.138	
	Total	1.229	1.183	0.046

The cases of shortfalls, lapses, and deficiencies are as indicated below:

2.3. PAYMENT FOR SHORT/LESS EXECUTION OF WORKS - NU.0.425 MILLION

The Dzongkhag Administration, Paro had made an excess payment of Nu.0.425 million to M/s Kurizam Construction for items of works short/less executed in the construction of two storied medical store at Paro Hospital as under:

- An amount of Nu.0.023 million pertained to width of the RRM internal wall being considered as 600mm instead of 400mm specified in Structural drawings;
- Nu.0.025 million pertained to short wall provided with half brick at site but paid as full brick wall while passing the claims in final bill;
- Nu.0.010 million pertained to non-deduction of openings from cement plaster on walls in the final

bill; and

Nu.0.003 million was due to inaccurate dimensions and application of inconsistent method/formulae while calculating the quantity of TMT bars against approved structural drawing.

The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 17.4; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

Subsequently, the Dzongkhag Administration informed the RAA in Feb. 2023 that the contractor has appealed to the Supreme Court and verdict awaited.

After a Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the officials of the Dzongkhag, the Dzongkhag Administration intimated the RAA vide letter No. PADZONG/ ZEYTSE-11/2023-24/763 dated 7/8/2023 that the contractor deposited Nu. 737,630.92 (RAA's Rt.No.02935 dated 14/08/2023) as per the Supreme Court's verdict No.Nyen/Tho(Ang.22-385) dated 17/11/2022. The amount deposited includes the amounts of observation para No.17.1; 17.2; 17.3 & 17.4 with the penalty.

In view of the amount deposited as per the verdict of the Supreme Court, the observation has been considered settled.

2.4. LESS PAYMENT TO CONTRACTOR - NU.0.387 MILLION

The Dzongkhag Administration, Paro had made short payment of Nu.0.387 million to M/s Kurizam Construction for the construction of two storied medical store at Paro Hospital. Review of the contractor's final bill against actual execution of works at site revealed that the actual quantity executed at site was more than the actual quantity paid in final bill. *AIN: 15243; Para: 17.1; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

Subsequently, the Dzongkhag Administration informed the RAA in Feb. 2023 that the contractor has

appealed to the Supreme Court and verdict awaited.

After a Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the officials of the Dzongkhag, the Dzongkhag Administration intimated the RAA vide letter No. PADZONG/ ZEYTSE-11/2023-24/763 dated 7/8/2023 that the contractor deposited Nu. 737,630.92 (RAA's Rt.No.02935 dated 14/08/2023) as per the Supreme Court's verdict No.Nyen/Tho(Ang.22-385) dated 17/11/2022. The amount deposited includes the amounts of observation para No.17.1; 17.2; 17.3 & 17.4 with the penalty.

In view of the amount deposited as per the verdict of the Supreme Court, the observation has been considered settled.

2.5. PAYMENT MADE AT HIGHER RATE RESULTING INTO EXCESS PAYMENT - NU.0.233 MILLION

The Dzongkhag Administration, Paro had made excess payment of Nu.0.233 million to M/s Kurizam Construction in the construction of two storied medical store at Paro Hospital due to payment for items of works at a higher rate than quoted in the BoQ. The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 17.3; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

Subsequently, the Dzongkhag Administration informed the RAA in Feb. 2023 that the contractor has appealed to the Supreme Court and verdict awaited.

After a Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the officials of the Dzongkhag, the Dzongkhag Administration intimated the RAA vide letter No.PADZONG/ ZEYTSE-11/2023-24/763 dated 7/8/2023 that the contractor deposited Nu.737,630.92 (RAA's Rt.No.02935 dated 14/08/2023) as per the Supreme Court's verdict No.Nyen/Tho(Ang.22-385) dated 17/11/2022. The amount deposited included amounts for the observation No.17.1; 17.2; 17.3 & 17.4 with the penalty.

In view of the amount deposited as per the verdict of the Supreme Court, the observation has been considered settled.

2.6. EXCESS PAYMENT ON ACCOUNT OF SHORT-EXECUTION OF WORK - NU.0.046 MILLION

The Dzongkhag Administration, Paro had made excess payment of Nu.0.196 million to M/s Tashi Norphel Construction for items of works short executed in the re-electrification works of Rinpung Dzong. The details of measurement for actual work done at site were not recorded in MB and instead an abstract of measurement were recorded and considered for payment. The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and

necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 4.1; Accountabilities: Direct: Passang Tobgay, Assistant Engineer (Electrical), EID No 200307038; Supervisory Accountability: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: Observation Partly Settled.

As per follow up report No. RAA/FUCD(Q2)2021/-1609 dated 02/9/2021 the work was reverified by the concerned engineer and the auditor and Nu.0.150 million worth of work was accepted and balance of Nu.0.046 million was agreed to be recovered. The balance amount remained unrecovered as of 31 March 2023.

The Dzongkhag Administration informed the RAA in Feb 2023 that the amount could not be recovered and the case was submitted to the District Court. As the contractor could not be traced the case was withdrawn after a year as per the court rule.

A Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the officials of the Dzongkhag where the Officiating District Engineer informed the RAA Team that the case had been presented to the District Court, and an arrest warrant was issued following the first hearing.

As the case was already in the District Court, the meeting decided to wait for the final verdict of the court to resolve the issue.

2.7. PAYMENT MADE FOR WORK NOT EXECUTED AT SITE - NU.0.138 MILLION

The Dzongkhag Administration, Paro had made payment of Nu.0.138 million to M/s Kurizam Construction for items of works not executed in the construction of two-storied medical store at Paro Hospital. The contractor had been paid for quantities in excess of actual quantities executed at site. The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 17.2; Accountabilities; Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: Observation settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

Subsequently, the Dzongkhag Administration informed the RAA in Feb. 2023 that the contractor has appealed to the Supreme Court and verdict awaited.

After a Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the officials of the Dzongkhag, the Dzongkhag Administration intimated the RAA vide letter No. PADZONG/ ZEYTSE-11/2023-24/763 dated 7/8/2023 that the contractor deposited Nu. 737,630.92 (RAA's Rt.No.02935 dated 14/08/2023) as per the Supreme Court's verdict No. Nyen/Tho(Ang.22-385) dated 17/11/2022. The amount deposited included amounts for the observation No.17.1; 17.2; 17.3 & 17.4 with the penalty.

In view of the amount deposited as per the verdict of the Supreme Court, the observation has been considered settled.

1.3.2.8 DZONGKHAG ADMINISTRATION, PEMAGATSHEL

During the year, the RAA conducted four audits of the Dzongkhag Administration, Pemagatshel. There were 16 observations amounting to Nu.25.076 million of which seven observations amounting to Nu.2.112 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.22.964 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.533 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.22.431 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled balance irregularities of Nu.3.189 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023(Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	Settled
2	Shortfalls, Lapses and Deficiencies	3.189	3.189	-	100.00
	Total	3.189	3.189	-	100.00

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules

1.1. NON-RECTIFICATION OF DEFECTIVE WORKS

The Dzongkhag Administration, Pemagatshel had not instructed the contractor, M/s Ugyen Construction, Pemagatshel to rectify defective works noted in the blacktopping of internal roads and resurfacing of Basketball court at Nangkhon Central School. The defects had occurred due to poor workmanship on the part of the contractor and inadequate monitoring and supervision by the school authorities. The Handing-Taking Committee had also not exercised due diligence when taking over the completed works. *AIN: 15175; Para: 9; Accountabilities: Direct; Damcho Zangmo, AE, EID # 9707057; Supervisory: Sonam Jamtsho, DE, EID # 201001181.*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that all the defective works were rectified but the documents related to completion of the works were not submitted to the RAA by the former engineer. The RAA requested the Dzongkhag Adm. Pemagatshel to submit work completion report endorsed by the Dzongkhag Tender Committee to OAG, S/jongkhar for review and appropriate decision. The PAC directed the Dzongkhag to submit the report by 31 Aug. 2021.

The completion reports along with supplementary note duly endorsed by the DTC and accepted by the administration of Nangkor Central School was submitted during Auditor General's visit to

2. Shortfalls, Lapses and Deficiencies - Nu.3.189 million

There were cases of shortfalls, lapses and deficiencies involving Nu.3.189 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Non-adjustment/recovery of pw advances and personal advances on time	3.182	3.182	-
2.2	Travel claim without performing tour	0.007	0.007	-
	Total	3.189	3.189	-

2.1. NON-ADJUSTMENT/RECOVERY OF PW ADVANCES AND PERSONAL ADVANCES ON TIME - NU.3.182 MILLION

The Dzongkhag Administration, Pemagatshel had overdue outstanding advances amounting to Nu.22.284 million remaining unadjusted. Nu. 22.174 million pertained to Public Works Advances and Nu.0.110 million pertained to Personal Advances. On enquiry, the dealing officials informed that most of the outstanding advances pertained to cases that were under sub-judice. *AIN: 15175; Para: 1; Accountabilities: Direct: Lobzang Tshering, JE, EID # 200901074; Kinley Wangdi, JE, EID # 20140103482; Sonam Chogyel, AE, EID # 8808110; Kinzang Tshering, DAO, EID # 9908029; Leki Lhamo, NFE Instructor, EID # 12003001280; Sonam Zangmo, Caretaker, CID #1107003640; Supervisory: Yezer, Sr. FO, EID # 200901068.*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that some advances were already adjusted. The RAA requested the Dzongkhag to submit the adjustment report to OAAG, S/jongkhar for review and appropriate decision.

Subsequently, on submission of the adjustment documents out of the total outstanding of Nu.22.284 million; Nu.19.102 million was settled leaving a balance of Nu.3.182 million as of 29 February 2024. A reminder has been sent vide ref. No. OAAGSJ/FOLLOW-UP-02)Dz-PGATSHL/2022-2023/333 dated 08/02/2023. Response awaited.

The personal advance of Leki Lhamo was repeated in para 1.9 of AIN OAAGSJ-2022-531(2021-2022) and the amount was deposited vide receipt No. RAA/SJ/2023/465 dated 20/07/2023.

Since PW advance indicated in para 1 Sl.No. 2 " Mobilization/Material Advances-Nu. 214,500" was already reflected in para 4.1" Excess payment to the contractor due to non-deduction of advances from the preceding running bills-Nu. 220,258.77" of AIN 13501(2014-2015), the para was considered settled.

2.2. TRAVEL CLAIM WITHOUT PERFORMING TOUR - NU.0.007 MILLION

The Dzongkhag Administration, Pemagatshel had made inadmissible payments amounting to Nu.0.494 million to officials on account of TA/DA for official tours but the officials were found present in the office as per the attendance register on the dates claimed as tours, which was

construed as claims made for tours not performed. The lapses had occurred due to non-enforcement of travel rules and regulations by the concerned Sector Heads and the Administration & Finance Section indicating weak internal controls. As of 31 March 2019, Nu.0.379 million has been recovered leaving a balance of Nu.0.115 million unresolved. *AIN: 15175; Para: 3; Accountabilities: Direct: Refer Accountability Statement in the audit report; Supervisory: Refer Accountability Statement in the audit report.*

Status: Observation Settled.

Out of the unsettled balance, irregularity of Nu.0.050 million reported in August 2021; Nu.0.043 has been settled leaving a balance of Nu.0.007 million.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that despite efforts made by the Dzongkhag the accountable person did not pay the due. Therefore, the Dzongkhag has decided to take legal action on the same within 30 Aug. 2021.

From the balance unsettled irregularity of Nu.0.050 million reported in August 2021; Nu.0.043 was settled after the PAC consultation meeting leaving a balance of Nu.0.007 million only (Nu. 6,500/-) against Rinchen Chedup as of 31 March 2023. A reminder has been sent vide ref. No. OAAGSJ/FOLLOW-UP-02)Dz-PGATSHEL/2022-2023/333 dated 08/02/2023. Response awaited.

Upon the deposit of balance Nu. 6,500 by Rinchen Chedup as per the justification letter provided vide No. GSD/Adm-05/2021-22/2419 dated 29.05.2022, the observation was considered settled.

1.3.2.9 DZONGKHAG ADMINISTRATION, PUNAKHA

During the year, the RAA conducted one audit of the Dzongkhag Administration, Punakha. There were 35 observations amounting to Nu.6.748 million of which 10 observations amounting to Nu.0.199 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.549 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.175 million were resolved. The total unresolved significant irregularities in the AAR 2018 amounted to Nu.6.374 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review the status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, out of the unsettled irregularities of Nu. 2.541 million reported to the Parliament in April 2023; Nu.0.365 million was resolved leaving a balance of Nu.2.176 million as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	1.204	-	1.204	-
3	Shortfalls, Lapses and Deficiencies	0.972	-	0.972	-
	Total	2.176	-	2.176	-

The details of unsettled irregularities reported to the Parliament in April 2023, irregularities resolved thereafter and the balances as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.1.204 million

There were cases of non-compliance to laws and rules involving Nu.1.204 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Utilization of vendor fees without supporting documents	1.204	-	1.204
2.4	Non-accountal of Receipts and Payments	-	-	Unsettled
	Total	1.204	-	1.204

2.1. UTILIZATION OF VENDOR FEES WITHOUT SUPPORTING DOCUMENTS – NU.1.204 MILLION

The Dzongkhag Administration, Punakha had utilised vendor fees amounting to Nu.1.204 million for carrying out various activities from May 2012 to March 2018 without adequate supporting documents. The expenses included procurement of the following:

S/n	Particulars	Amt. (Million)
1	Bush Cutting Machine, Dell Laptop and Dewan	0.086
2	Purchase of Hand Gloves, Tools, Extension Cords, HDPE Pipe, Gumboots, Carpet, Window Curtains and other miscellaneous items	0.076
3	Construction of cattle shed, maintenance of drain in Khuruthang Town and Market Shed, grass cuttings	0.145
4	Serving refreshments and lunch during public meeting and visit of guests	0.098
5	Printing of money receipt books	0.008
6	Donations and contributions	0.022
7	Payment of monthly wages for elementary service personnel	0.708
8	Payment of commission to vendor fee collector	0.057

In the absence of proper supporting documents, the authenticity of the expenditures made could not be ascertained. *AIN: 15640; Para: 21.2; Accountabilities: Direct: Aiman Limbu, AE, EID # 20120100114; Supervisory: Aiman Limbu, AE; EID # 20120100114.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that justifications vide letter No. DAP/MUN-08/2019-2020/5235 was submitted, however, the administration was informed to obtain approval from Dzongkhag Tshogdu although the expenditures were already incurred. It was also reported that, regarding the utilization of vendor fees, the Municipal Office had collected minimal fees from the daily local vendors to meet routine expenditures such as cleaning vegetable markets and other ad hoc activities in the vegetable market.

The RAA reported that the issue was pending because of the complaints received from the people concerning the misuse of funds by Tshogpas no proper supporting documents were maintained for the expenditures incurred. Therefore, proper supporting documents/authentic bills should be submitted to the RAA endorsed by the Dzongkhag Tshogdu for review and decision. The PAC advised the Dzongkhag to submit a report endorsed by the Dzongkha Tshogdu for review by the RAA.

A Follow-up Report was issued vide letter No. RAA/OAAG(T)/AR/PDA/2022-2023/0184 dated 6/01/2023. The Dzongkhag is yet to submit a report endorsed by the Dzongkha Tshogdu for further review. Follow-up report issued vide RAA/OAAG(T)/AR/PDA/2023-2024/0156 dated 30 January 2024. However, no reports were received from the Dzongkhag and the issue remained unresolved as of 29 February 2024.

2.4. NON-ACCOUNTAL OF RECEIPTS AND PAYMENTS

The Dzongkhag Administration, Punakha had made vendor fee collection of Nu.0.686 million from 1 November 2016 till 10 March 2018 out of which expenditure of Nu.0.497 million was incurred. During the financial year 2016-2017, Nu.0.020 million was paid from the current account of water utility charges. The Dzongkhag Municipal office had failed to account both the receipts as well as the expenditures incurred in the books of accounts as required by FRR. *AIN: 15640; Para: 21.1; Accountabilities: Direct: Aiman Limbu, AE, EID # 20120100114; Supervisory: Aiman Limbu, AE, EID # 20120100114.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that justifications vide letter No. DAP/MUN-08/2019-2020/5235 was submitted, however, the administration was informed to obtain an approval from Dzongkhag Tshogdu although the expenditures were already incurred. It was also reported that, regarding the utilization of vendor fees, the Municipal Office had collected minimal fees from the daily local vendors to meet the routine expenditure such as cleaning vegetable markets and other ad hoc activities in the vegetable market.

The RAA reported that the issue was pending because of the complaints received from the people with regard to misuse of funds by Tshogpas no proper supporting documents were maintained for the expenditures incurred. Therefore, proper supporting documents/authentic bills should be submitted to the RAA endorsed by the Dzongkhag Tshogdu for review and decision. The PAC advised the Dzongkhag to submit a report endorsed by the Dzongkha Tshogdu for review by the RAA.

The Dzongkhag yet to submit a report endorsed by the Dzongkha Tshogdu for review for further review.

A repetitive Follow-up Reports were issued vide letter RAA/OAAG(T)/AR/PDA /2022-2023/0184 dated 6/01/2023 and vide RAA/OAAG(T)/AR/PDA/2023-2024/0156 dated 30 January 2024. However, no reports were received from the Dzongkhag and the issue remained unresolved as of 29 February 2024.

2. Shortfalls, Lapses and Deficiencies - Nu.0.972 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.972 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Excess payment as a result of paying beyond the approved drawings	1.223	0.251	0.972
	Total	1.223	0.251	0.972

3.1 EXCESS PAYMENT AS A RESULT OF PAYING BEYOND THE APPROVED DRAWINGS – NU.0.972 MILLION

The Dzongkhag Administration, Punakha had made excess payment of Nu.1.223 million to the contractor due to payment beyond the approved drawings. Against the approved thickness of 200 mm (approved drawings), the contractor was paid for 400 mm in providing and laying for RCC works including TMT bars. Also, the weep holes were not deducted from the total quantity of RCC boundary wall and excess payment was made for providing and laying chain-link fencing. The lapses had occurred due to failure of the officials concerned to exercise due diligence and prudence in

performing their duties and was indicative of extending undue financial favor to the contractor. *AIN: 15640; Para: 4.3; Accountabilities: Direct: Aiman Limbu, AE, EID # 20120100114; Gaana Builders, CDB # 7249; Supervisory: Tandin Dorji, Chief DzE, EID # 200401026; Tobgay, DzE (EID # 201101170).*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that the Dzongkhag Adm. had done 3 times follow up with RAA, Regional Office in Tsirang. In doing so, the audit team had agreed and accepted the workout justified by the Dzongkhag Adm. and reaffirmed that the actual excess payment to be recovered from the Contractor was Nu. 331,825/- and not Nu. 1,223,000/- million. However, while the Dzongkhag Adm. tried to contact the contractor to recover the excess payment the contractor's whereabouts was not known.

The PAC directed the Dzongkhag Adm. to initiate recovery of the amount from the contractor if not take legal recourse.

As per the record of the RAA Nu.0.251 million (Nu. 251,024) was deposited vide Rt.No. A00948 dated 22/5/2020 leaving the balance of Nu.0.972 million unsettled as of 31 March 2023.

However, the Dzongkhag Court issued verdict on 19/09/2022, ordering the contractor to restitute Nu. 219,418.44 as per the Court verdict under enforcement.

The Dzongkhag subsequently registered the case with Dzongkhag Court Punakha for recovery of balance amount along 24% penal interest. The Dzongkhag Court passed a Verdict in favor of Dzongkhag Administration asking the contractor to deposit the amount. It is reported that judgement enforcement is under progress.

1.3.2.10 DZONGKHAG ADMINISTRATION SAMDRUP JONGKHAR

During the year, the RAA conducted four audits of the Dzongkhag Administration, Samdrup Jongkhar. There were 28 observations amounting to Nu.4.265 million of which 17 observations amounting to Nu.3.009 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.256 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.040 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.216 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularities of Nu. 0.184 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.126	-	0.126	-
2	Shortfalls, Lapses and Deficiencies	0.658	0.600	0.058	91.19
	Total	0.784	0.600	0.184	76.53

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.126 million

There were cases of non-compliance to laws and rules involving Nu.0.126 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Non-liquidation of advances	0.126	-	0.126
1.3	Non-renewal of bank guarantee	-	-	Settled
	Total	0.126	-	0.126

The cases of non-compliance to laws and rules are as indicated below:

1.1. NON-LIQUIDATION OF ADVANCES - NU.0.126 MILLION

The Dzongkhag Administration Samdrup Jongkhar had not adjusted/recovered advances amounting to Nu.0.126 million from the contractor's Running Account Bill in the construction of the 200 feet span Double-Double Bailey Bridge at Phokcheri farm road under Serthi Gewog. *AIN: 15231; Para: 12.1; Accountabilities: Direct: Karma Dorji Sherpa, AE, EID No. 20070789; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507335.*

Status: Observation Not Settled.

As per letter No. SDA/IAU-03/2020-2021/1506 of 19/10/2020, an amount of Nu. 126,302.61 was recovered from the contractor's final bill but as per further comments of the Audit Report, the amount needs to be deposited into the Audit Recovery Account which was not deposited as of 31 Aug.2021. The amount should be deposited with the RAA.

This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and Asst. Internal Auditor of Dzongkhag Administration, Samdrup Jongkhar reported that the amount was recovered from the final bill and the security deposit but hasn't been deposited in the Audit Recovery Account. Therefore, the administration has directed the accounts department to deposit the same into ARA.

The PAC advised the Dzongkhag Administration to deposit the amount recovered into the Audit Recovery Account by 31 April 2023 and update RAA accordingly.

However, the observation was not settled as of 29 February 2024, as no ATR reponse was received as against the ATR reminder served vide No. OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/341 dated 14/02/2023 and OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/717 dated 29/11/2023.

1.2. NON-RENEWAL OF BANK GUARANTEE

The Dzongkhag Administration Samdrup Jongkhar had indemnified 10% performance security money of Nu.0.187 million in the form of Performance Guarantee issued from the RICBL with validity period of 3 months for the construction of Office-cum-TB ward at Samdrup Jongkhar Hospital. However, the Dzongkhag Administration had not renewed the Performance Guarantee in spite of its expiry and delay in the completion of work. The lapse had occurred apparently due to failure on the part of site engineer to exercise due diligence in reviewing the validity of the Performance Guarantee. *AIN: 15231; Para: 5.4; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 910252.*

Status: Observation Settled.

As per letter No. SDA/DES-04/2020-2021/1414 of 12/10/2020, the court verdict was served ordering to arrest the contractor as he could not pay the amount for the construction of office cum TB Ward at S/jongkhar Hospital.

This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and the Asst. Internal Auditor of the Dzongkhag reported that, upon contractor's failure to complete the work, the contract was terminated and rebate amount couldn't be deducted from the running bill. Due to non-repayment of loan by the contractor to RICBL the bank guarantee couldn't be renewed. Dzongkhag Administration sought for legal recourse to recover the amount and accordingly the Court directed the contractor to pay the amount to the Dzongkhag. An arrest warrant was issued against the contractor but he is nowhere to be found. Further, legal office and the site engineer enquired with the Construction Development Board about the contractor's work status and was informed that no works has been contracted to him.

The PAC directed the Dzongkhag Administration to submit a written justification on the issues to RAA by 31 April 2023.

The observation was dropped, based on the court verdict No. SDA/THRIMDEN-07/2019/6048 dated 09/05/2019 and also upon dropping of penalty amount which was based on decision of AC meeting conducted on 10/01/2023.

2. Shortfalls, Lapses and Deficiencies - Nu.0.658 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.658 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Non-deduction of rebate	0.600	0.600	-
2.3	Overpayment due to double payment and computation error	0.058	-	0.058
	Total	0.658	0.600	0-058

2.1. NON-DEDUCTION OF REBATE - NU.0.600 MILLION

The Dzongkhag Administration Samdrup Jongkhar had not deducted rebate of Nu.0.600 million offered by the contractor against the bid amount of Nu.2.551 million in the construction of Office- cum- TB Ward at Samdrup Jongkhar Hospital. The rebate offered had not been deducted proportionately from the running bills. *AIN: 15231; Para: 5.2; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 9102052.*

Status: Observation Settled.

This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and the Asst. Internal Auditor of the Dzongkhag reported that, upon the the contractor's failure to complete the work, the contract was terminated and the rebate amount couldn't be deducted from the running bill. Due to the non-repayment of loan by the contractor to RICBL the bank guarantee couldn't be renewed. Dzongkhag Administration sought for legal recourse to recover the amount and accordingly the Court directed the contractor to pay the amount to the Dzongkhag. An arrest warrant was issued against the contractor but he is nowhere to be found. Further, the legal office and the site engineer enquired with the Construction Development Board about the contractor's work status and was informed that no works has been contracted to him.

The PAC directed the Dzongkhag Administration to submit a written justification on the issues to RAA by 31 April 2023.

The issue was discussed during the advocacy and audit pending issues meeting held on 17/8/2023 chaired by Hon'ble AG and decided that the para shall stand until the administrative actions against the defaulters are intimated to RAA. Therefore, Dzongkhag Administration had submitted the Administrative action taken report against the official vide No.SDA/HRS-14/2023-2024/1530 of 16/10/2023. Hence the para was considered settled.

2.3. OVERPAYMENT DUE TO DOUBLE PAYMENT AND COMPUTATION ERROR - NU.0.058 MILLION

The Dzongkhag Administration Samdrup Jongkhar had made excess/double payment amounting to Nu.0.058 million due to improper computation of bill by the dealing official and had released the payment twice for the same item of work in the construction of Office-cumTB Ward at Samdrup Jongkhar Hospital. The excess/double payment had occurred apparently due to lack of proper verification of contractor's bills by the site engineer, supervising engineer and accounts personnel before releasing payment to the contractor. *AIN: 15231; Para: 5.1; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 910252.*

Status: *Observation Not Settled.*

As per letter No. SDA/DES-04/2020-2021/1414 of 12/10/2020, the court verdict was served ordering to arrest the contractor as he could not pay the amount for the construction of office cum TB Ward at S/jongkhar Hospital.

This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and the Asst. Internal Auditor of the Dzongkhag reported that, upon contractor's failure to complete the work, the contract was terminated and rebate amount couldn't be deducted from the running bill. Due to non-repayment of loan by the contractor to RICBL the bank guarantee couldn't be renewed. Dzongkhag Administration sought for legal recourse to recover the amount and accordingly the Court directed the contractor to pay the amount to the Dzongkhag. An arrest warrant was issued against the contractor but he is nowhere to be found. Further, legal office and the site engineer enquired with the Construction Development Board about the contractor's work status and was informed that no works has been contracted to him.

The PAC directed the Dzongkhag Administration to submit a written justification on the issues to RAA by 31 April 2023.

A follow-up reminder has been sent vide letter No. OAAGSJ/FOLLOW-UP-01) Dz-SJONGKHAR/2022-2023/341 dated 14/02/2023 and OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/717 dated 29/11/2023. However, the issue remained unresolved as of 29 February 2024 as the Dzongkhag had reported that the contractor was at large and the matter could not be resolved.

1.3.2.11 DZONGKHAG ADMINISTRATION, SAMTSE

During the year, the RAA conducted three audits of the Dzongkhag Administration, Samtse. There were 21 observations amounting to Nu.38.747 million of which nine observations amounting to Nu.0.131 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.38.616 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.13.102 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.25.514 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularities of Nu. 19.307 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/203 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	8.755	-	8.755	-
3	Shortfalls, Lapses and Deficiencies	10.552	-	10.552	-
	Total	19.307	-	19.307	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.8.755 million

There was a case of non-compliance to laws and rules involving Nu.8.755 million as summarised below:

1.1. TERMINATION OF GOLA TOWN RAW WATER SUPPLY CONTRACT WORKS AND IRREGULARITIES THEREOF - NU.8.755 MILLION

The Dungkhag Administration, Tashichhoeling had terminated the contract work for construction of Raw Water Supply at Gola town with M/s Druk Tshentop Construction Pvt. Ltd, Thimphu on 2 July 2017 due to failure of the contractor in completing the works despite several reminders. Subsequently, the Dungkhag Administration had attempted to carry out a joint assessment of the works actually executed at site and settle the accounts with the contractor. Following the contractor's refusal for joint assessment, the Dungkhag Administration initiated the assessment of work executed at site by forming an independent committee comprising officials from DOR, Samtse, RRCO, Samtse and Dungkhag Tender Committee; and worked out the net recoverable amount of Nu.8.755 million at the time of termination of contract.

Accordingly, the Dungkhag Administration had notified the contractor to deposit the assessed recoverable amount on or before 22 August 2017. However, the contractor had refused to accept the assessed valuation as worked out by the joint committee. The Dungkhag Administration having exhausted all measures to settle the dispute amicably had invoked the provisions of the General Conditions of Contract and lodged the case with the Arbitration Facilitation Centre, CDB, Thimphu and the case was with the Arbitration Tribunal at the time of audit in March 2018. *AIN: 15589; Para: 7; Accountabilities: Direct: Pema Wangchen, Executive Engineer, EID # 8901048; Supervisory: Pema Wangchen, Executive Engineer, EID # 8901048.*

Status: *Observation Not Settled.*

The case has been reported registered in the Royal Court of Justice, Tashichhoeling and it is subjudice there. The RAA still awaits the court verdict and the Follow up Report was served vide no.RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated.20.09.23

2. Shortfalls, Lapses and Deficiencies - Nu.10.551 million

There were cases of shortfalls, lapses and deficiencies involving Nu.10.551 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1.1	Outstanding Advances	10.326	-	10.326
3.3	Non-recovery of advance payments and 20% of the value of incomplete works upon termination of contract	0.225	-	0.225
	Total	10.551		10.551

3.1.1 OUTSTANDING ADVANCES - NU.10.326 MILLION

The Dungkhag Administration, Tashichholing had overdue outstanding PW Advances of Nu.10.326 million against various contractors and suppliers for the financial year 2016-2017. *AIN: 15589; Para: 3; Accountabilities: Direct: Pema Wangchen, Executive Engineer, EID # 8901048; Supervisory: Pema Wangchen, Executive Engineer, EID # 8901048.*

Status: *Observation Not Settled.*

The case has been reported registered in the Royal Court of Justice, Tashichhoeling and it is subjudice there. The RAA still awaits the court verdict and Follow up Report was served vide no.RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated.20.09.23

3.3. NON-RECOVERY OF ADVANCE PAYMENTS AND 20% OF THE VALUE OF INCOMPLETE WORKS UPON TERMINATION OF CONTRACT – NU.0.225 MILLION

The Dungkhag Administration, Tashichholing had not recovered advanced payments and 20% of the value of incomplete works upon termination of contract for the construction of retaining wall at Sherub Gatshel LSS under Norgaygang Gewog awarded to M/s. Tenzin Construction, Thimphu due to non-fulfillment of the contractual obligations by the contractor and breach of contract agreement. The contractor was paid Nu.0.413 million including 10% Mobilization Advance and 75% of the value of the material at site. The assessed value of the work done at site till the date of termination including value of the materials available at site amounted to Nu.0.188 million. The net total recoverable amount from the contractor was Nu.0.225 million.

Subsequent to the termination of the contract, the Dungkhag Administration had issued letter for settlement of the accounts by 20 July 2017. However, the contractor had failed to cooperate and the Dungkhag Administration having exhausted all measures to settle the dispute mutually and amicably, had invoked the provisions of the contract agreement and had lodged the case with the Arbitration Facilitation Centre, CDB, Thimphu. The case was with the Arbitration Tribunal at the time of audit in March 2018. *AIN: 15589; Para: 6; Accountabilities: Direct: Tashi Wangchuk, Jr. Engineer, EID # 20140103487; Supervisory: Pema Wangchen, Executive Engineer, EID # 8901048.*

Status: *Observation Not Settled.*

The case has been reported registered in the Royal Court of Justice, Tashichhoeling and it is subjudice there. The RAA still awaits the court verdict and Follow up Report was served vide no.RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated.20.09.23

1.3.2.12 DZONGKHAG ADMINISTRATION, SARPANG

During the year, the RAA conducted one audit of the Dzongkhag Administration, Sarpang. There were 18 observations amounting to Nu.12.098 million of which 14 observations amounting to Nu.11.295 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018

amounted to Nu.0.803 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.052 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.751 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The total unsettled irregularities of Nu. 0.751 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.751	0.751	-	100.00
	Total	0.751	0.751	-	100.00

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.751 million

There was a case of shortfalls, lapses and deficiencies amounting to Nu.0.751 million as indicated below:

1.1. TERMINATION OF CONTRACT DUE TO NON-FULFILLMENT OF CONTRACTUAL OBLIGATION AND NON-REFUND OF EXCESS PAYMENT - NU.0.751 MILLION

The Dzongkhag Administration, Sarpang had not recovered the the excess payment of Nu.0.751 million from the contractor, upon the termination of the contract for the construction of the Access road to Phulari Goenpa due to poor progress of the work and substantial delay beyond the LD period.

The contractor, M/s Samphel Drukpa Construction was paid a total of Nu.18.846 million through seven Running Account Bills at the time of termination, but the value of work done was ofly Nu.9.967 million. The contractor was also provided with a Mobilization advance of Nu.0.200 million. After adjusting/deducting a 20% penalty on the value of work not executed, 10% liquidated damages, forfeiture of retention money, forfeiture of performance guarantee, value of materials at site, value of unpaid bills, the total recoverable amount from the contractor stood at Nu.0.751 million.

The lapses had occurred mainly due to the payment of RABs without verifying the actual quantities of work done, by the site engineer and the failure of the site engineer to ensure the admissibility of contractor's claims. The case is sub-judice. *AIN: 15408; Para: 1.2; Accountabilities: Direct: Kinley Penjor, JE, EID # 20120100128; Kinley Giri. JE, EID # 200307188; M/s Samphel Drukpa Construction (CDB # 2625); Supervisory: Dawala, Former Dzongdag, EID 8304041; Therchung Kencho, Ex-Dzong rab, EID # 8007023; Sangay Tenzin, Chief DE, EID # 8808028; Ugyen Dorji, Planning Officer, EID # 299505035; Sonam Tshering, Drungpa, EID # 9308054; Sangay Rinchen, Accounts Officer, EID # 200801135.*

Status: Observation Settled.

The High Court upheld the Arbitral Award ARDC/LD/Case/03/00014/2018 in favor of the Dzongkhag Administration. The case has been put up for enforcement of the judgment at Dungkhag

Court, Gelephu for recovery of Nu. 733,109.54 as per the arbitral award.

The observation was finally dropped as per the decision of the 83rd Advisory Committee.

1.3.2.13 DZONGKHAG ADMINISTRATION, THIMPHU

During the year, the RAA conducted two audits of the Dzongkhag Administration, Thimphu. There were 16 observations amounting to Nu.1.856 million of which 9 observations amounting to Nu.0.457 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.399 million.

The total unresolved significant irregularities re the AAR 2018 amounted to Nu.1.399 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularity of Nu.0.086 reported to the Parliament in April 2023 was settled as of 29 February 2024 as narrated below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
3	Shortfalls, Lapses & Defeciciencies	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularities reported to the Parliament in April 2023, all irregularities as of 29 February 2024 is as discussed below:

2.1 Shortfalls, lapses and deficiencies

There were cases of shortfalls, lapses, and deficiencies for which accumulated penal interests were not recovered although principal amounts were settled as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.2	Payment for work not executed at the site	-	-	Settled
	Total	-	-	-

The cases of shortfalls, lapses, and deficiencies are as indicated below:

3.2. PAYMENT FOR WORK NOT EXECUTED AT SITE

The Dzongkhag Administration, Thimphu had made an excess payment of Nu.0.086 million to the contractor for items of work not executed/provided at the site in the Renovation of Classrooms and Construction of Aqua Privy Toilet at KMSS under Maedwang Gewog. The lapses had occurred apparently due to the failure of the site engineer to exercise due diligence while verifying and certifying the claims of the contractor before releasing the payment. *AIN: 15428; Para: 1.3;*

Accountabilities: Direct: Tshewang Samdrup, AE, EID # 200311004 M/s Sangay Construction, Thimphu, CDB Registration # 2493, Trade License # 1018183; Supervisory: Chhabi Lal Das, DE, EID # 8808036.

Status: Observation Settled.

The penal interest of Nu. 6,431.85 was not cleared. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where RAA reported that the principal amount was recovered and is left with the interest amount only. However, the contractor has requested RAA for the waiver of interest amount.

It was decided that the Dzongkhag Administration and RAA should convene a bilateral meeting to discuss and decide on the waiver of the interest amount based on the appeal of the contractor and submit the decision by 30 Sept. 2021.

This issue was deliberated in the 9th Follow-up Committee Meeting of the RAA held on 6 Oct. 2021 and the committee decided to insist on the recovery of accumulated 24% p.a. penalty of Nu. 6,431.85 /- as it is a case of payment made for non/short execution of work.

However, the penalty of Nu. 6,431.85 was recovered vide receipt no. 02944 dated 29.9.2023 and the para was settled.

1.3.2.14 DZONGKHAG ADMINISTRATION, TRASHIGANG

During the year, the RAA conducted seven audits of the Dzongkhag Administration, Trashigang. There were 33 observations amounting to Nu.31.630 million of which seven observations amounting to Nu.0.847 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.30.783 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.4.790 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.25.993 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, one observation reported under Fraud, Corruption, and Embezzlement was resolved while other irregularities of Nu. 24.187 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	-	-	-	-
2	Shortfalls, Lapses and Deficiencies	24.187	-	24.187	-
	Total	24.187	-	24.187	-

The details of unsettled irregularities reported to the Parliament in April 2023, irregularities resolved thereafter and the balances as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and rules as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.4.1	Deferral of contract work beyond the maximum period covered by liquidated damages and applicable liquidated damages thereof	-	-	Unsettled
2.4.2	Delay in execution of contract work and applicable liquidated damages	-	-	Unsettled
2.4.3	Delay in execution of work and applicable liquidated damages thereof	-	-	Unsettled
Total		-	-	-

2.1. NON-LEVY OF LIQUIDATED DAMAGES

2.4.1 DELAY IN EXECUTION OF CONTRACT WORK AND APPLICABLE LIQUIDATED DAMAGES

The Dzongkhag Administration, Trashigang had not enforced provisions of the General Conditions of Contract against M/s Zang Chong Construction, Zhemgang for delays and non-completion of work in the relocation of BHU Grade-II at Merag. The contract commenced from 18 December 2015 and was scheduled to be completed on 18 June 2017, but the works were found delayed by 286 days at the time of the audit in March 2018. The contractor was liable for the maximum amount of liquidated damages which is 10% of the final contract price. Further, the site engineer had not maintained any hindrances report or record for the said work.

The lapses had occurred due to failure on the part of the Tender Committee to initiate timely action against the contractor for non-completion of works despite the extension of time beyond the maximum period covered by the provision of liquidated damages. *AIN: 15438; Para: 1.4; Accountabilities: Direct: Binu Bishwa Karma, Engineer, EID # 200901083; M/s Zang Chong construction (CDB # 7644); Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 August 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 August 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to the discharge of official function. The amount is still not recovered as of the date.

2.4.2 DELAY IN EXECUTION OF CONTRACT WORK AND APPLICABLE LIQUIDATED DAMAGES

The Dzongkhag Administration, Trashigang had not enforced provisions of the General Conditions of Contract against M/s Dechen Construction, Sarpang for delays and non-completion of work in the construction of 96 bedded Girl's hostel at Bidung LSS. The contract was awarded on 30 November 2015 and was scheduled to be completed on 16 April 2017, but the works were found delayed by

349 days at the time of the audit in March 2018. The contractor was liable for the maximum amount of liquidated damages which is 10% of the final contract price. Further, the site Engineer had not maintained any hindrances report or record for the said work.

The lapses had occurred due to failure on the part of the Tender Committee to initiate timely action against the contractor for not being able to complete the work despite the extension of time beyond the maximum period covered by the liquidated damages. *AIN: 15438; Para: 2.4; Accountabilities: Direct: Dorji Wangchuk, Engineer, EID #200501818; M/S Dechen Construction, CDB 1899; Supervisory: Lekjay, District Engineer, EID #9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to the discharge of official function. The amount is still not deposited as of the date.

2.4.3 DELAY IN EXECUTION OF WORK AND APPLICABLE LIQUIDATED DAMAGES THEREOF

The Dzongkhag Administration, Trashigang had not enforced provisions of the General Conditions of Contract against M/s Dechen Construction, Sarpang for delays and non-completion of work in the construction of two-block 96-bedded hostels for boys and girls at Duntse Central School under Phongme Gewog. The contract was awarded on 18 December 2015 and was scheduled to complete on 18 June 2017, but the works were found delayed by 286 days at the time of audit in March 2018. The contractor was liable for the maximum amount of liquidated damages which is 10% of the final contract price. Further, the site Engineer had not maintained any hindrances report or record for the said work.

The lapses had occurred due to failure on the part of Tender Committee to initiate timely action against the contractor for not able to complete the work despite extension of time beyond the maximum period covered by the liquidated damages. *AIN: 15438; Para: 3.3; Accountabilities: Direct: Norbu Wangdi, Engineer, EID # 201001735; M/s Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03) Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court

Trashigang convicted him for criminal offenses related to the discharge of official function. The amount is still not deposited as of the date.

2. Shortfalls, Lapses and Deficiencies - Nu.24.187 million

There were cases of shortfalls, lapses, and deficiencies involving Nu.24.187 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Payment of excessive running account bills resulted in an overpayment	6.177	-	6.177
3.2	Sanction of payment more than the actual value of work done value had resulted in excess payment	3.669	-	3.669
3.3	Irregular sanction of PW advance to the contractor and non-realisation	3.500	-	3.500
3.5	Non-deduction of rebate from the RA Bills	5.980	-	5.980
3.6	Release of 1 st RA Bill for works not executed	2.707	-	2.707
3.7	Excessive release of running account bills resulted in overpayment	2.154	-	2.154
	Total	24.187	-	24.187

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. PAYMENT OF EXCESSIVE RUNNING ACCOUNT BILLS RESULTED INTO OVER PAYMENT - NU.6.177 MILLION

The Dzongkhag Administration, Trashigang had made overpayment of Nu.6.177 million to M/s Dechen Construction, Sarpang in the construction of 2 block 96 bedded hostels for boys & girls at Duntse Central School under Phongme Gewog due to payment of excessive Running Account Bills. The total payment released to the contractor was Nu.20.303 million and the value of actual work done amounted to Nu.14.125 million at the time of audit in March 2018.

The lapses had occurred due to failure on the part of the concerned site engineer and supervising engineer to ensure proper verification of contractor's bills and measurements at site prior to certifying the bills for payment indicating lack of internal controls. *AIN: 15438; Para: 3.1; Accountabilities: Direct: Norbu Wangdi, Engineer, EID # 201001735; M/s Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The amount is still not recovered as of the date.

2.2. EXCESS PAYMENT DUE TO WORKS LESS EXECUTED - NU.3.669 MILLION

The Dzongkhag Administration, Trashigang had made excess payment of Nu.3.669 million to M/s Dechen Construction, Sarpang in the construction of 96-bedded Girl's hostel at Bidung LSS for works less executed. Against the total work valuing Nu.7.298 million, payment of Nu.10.967 million was made to the contractor. The work was incomplete at the time of audit in March 2018.

The lapses had occurred due to failure on the part of the concerned site engineer and supervising engineer to ensure proper verification of contractor's bills and measurements at site prior to certifying the bills for payment indicating lack of internal controls. *AIN: 15438; Para: 2.1; Accountabilities: Direct: Dorji Wangchuk, Engineer, EID # 200501818; M/S Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The amount is still not recovered as of the date.

2.3. IRREGULAR SANCTION AND NON-REALISATION OF PW ADVANCE - NU.3.500 MILLION

The Dzongkhag Administration, Trashigang had sanctioned irregular PW Advances amounting to Nu.3.500 million to M/s Dechen Construction, Sarpang in the construction of 96-bedded Girl's hostel at Bidung LSS.

An advance of Nu.3.500 million was sanctioned by three-member committee comprising of Dzongrab, Dzongkhag Engineer and Accounts Officer on 22 July 2016 soon after the payment of 2nd RA bill of Nu.1.982 million on 21 July 2016. The Accounts Section had failed to deduct the advances from the subsequent RA bill which remained unrecovered as of date of audit. The lapses had occurred apparently due to non-compliance to prevailing rules. *AIN: 15438; Para: 2.2; Accountabilities: Direct: Pema Dorji, Dzongrab, EID # 9607074; Lekjay, District Engineer, EID # 9607034; Jigme, Finance Officer, EID # 20140103313; M/s Dechen Construction, CDB # 1899; Supervisory: Pema Dorji, Dzongrab, EID # 9607074; Lekjay, District Engineer, EID # 9607034; Jigme, Finance Officer, EID # 20140103313.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The

amount is still not recovered as of the date.

3.5. NON-DEDUCTION OF REBATES – NU.5.980 MILLION

- a) The Dzongkhag Administration, Trashigang had not deducted rebate of Nu.2.883 million offered by the contractor. M/s Dechen Construction, Sarpang had offered a lump-sum rebate of Nu.4.419 million on the quoted value of Nu.31.118 million in the construction of 2-block 96-bedded hostels for boys and girls at Duntse Central School under Phongme Gewog. The lapses had occurred due to failure on the part of the engineering cell to exercise due diligence that resulted into non-deduction of rebate from the RA bills. *AIN: 15438; Para: 3.2; Accountabilities: Direct: Norbu Wangdi, Engineer, EID # 201001735; M/s Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No.OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The amount is still not recovered as of the date.

- b) The Dzongkhag Administration, Trashigang had not deducted rebates of Nu.1.297 million offered by the contractor, M/s Dechen Construction, Sarpang in the construction of 96- bedded Girl's hostel at Bidung LSS. The lapses had occurred due to lack of due diligence on the part of the concerned site engineer and Accounts Section to deduct rebate from the RA bills. *AIN: 15438; Para: 2.3; Accountabilities: Direct: Dorji Wangchuk, Engineer, EID # 200501818; M/s Dechen Construction, CDB 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. ATR Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The amount is still not recovered as of the date.

- c) Similarly, the Dzongkhag Administration, Trashigang had not deducted rebates of Nu.1.800 million offered by the contractor, M/s Zang Chong Construction. The lapses had occurred due to lack of due diligence on the part of the concerned site engineer and Accounts Section to deduct rebate from the RA bills. *AIN: 15438; Para: 1.3; Accountabilities: Direct: Binu Bishwa Karma, Engineer, EID # 200901083; M/S Zang Chong construction (CDB # 7644); Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation not settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 and the amount recoverable was updated to Nu. 1,523,801.66 from the total recoverable amount Nu 1,799,530.94 based on the Court Verdict vide followup letter No. OAAGSJ/FOLLOW-UP-03)Dz.TGANG/22-23/575 dated 19.07.2023. The RAA still awaits for the ATR Response.

3.6. RELEASE OF 1ST RA BILL FOR WORKS NOT EXECUTED - NU.2.707 MILLION

The Dzongkhag Administration, Trashigang had made payment of Nu.2.707 million to M/s Zang Chong Construction, Zhemgang on account of 1st RA bill in the construction of BHU Grade-II, 3- unit staff quarter and kitchen-cum-toilet at Merag Gewog. The contract was awarded on 8 December 2015 and work scheduled to commence on 18 December 2015. However, the 1st RA bill was found submitted by the contractor on 24 December 2015, less than a week after actual commencement of work. The RA bill was found to have been fabricated as the works had barely started and yet the 1st RA bill claimed amounted to Nu.2.707 million for completed Main BHU block till roof band level; completed one panel retaining wall; and completed sub-structure works for 3-unit staff quarters and kitchen-cum-toilet till plinth level.

Despite of several levels of controls, the payments were found made to the contractor indicating extension of undue financial favour to the contractor. *AIN: 15438; Para: 1.1; Accountabilities: Direct: Sherub Singye, Officiating DE, EID # 200307037; Jigme, Finance Officer, EID # 20140103313; Binu Bishwa Karma, Engineer, EID # 200901083; M/s Zang Chong Construction, CDB # 7644; Supervisory: Pema Dorji, Dzongrab, EID # 9607074.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The amount is still not recovered as of the date.

3.7. EXCESSIVE RELEASE OF RUNNING ACCOUNT BILLS RESULTED IN OVERPAYMENT - NU.2.154 MILLION

The Dzongkhag Administration, Trashigang had made over payment of Nu.2.154 million to M/s Zang Chong Construction, Zhemgang in the construction of BHU Grade-II, 3-unit staff quarter and kitchen-cum-toilet at Merag Gewog due to payment of RA bills without verifying the quantities of actual work done. Against the total work done of Nu.5.158 million, payment of Nu.7.312 million was made to the contractor with resultant overpayment. The work progress based on the BoQ was ofly 72.43% as against the gross financial disbursement of 102.69%. The work progress remained static and subsequently the contractor was terminated.

The excess payment had occurred apparently due to negligence on the part of concerned site engineer to properly verify and authenticate the physical work progress at site and admissibility of contractor's claims. The Dzongkhag Administration had failed to initiate timely action against the contractor as per the terms and conditions of the contract when the work was delayed beyond maximum period covered by liquidated damages. *AIN: 15438; Para: 1.2; Accountabilities: Direct: Binu Bishwa Karma, Site Engineer, EID # 200901083; M/s Zang Chong Construction (CDB # 7644); Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

A follow-up reminder was sent to vide letter No. OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. Response awaited.

The defendant Mr. Leki Wangchuk was asked to refund the excess payment within 31st December 2023 as per the court verdict No.TG(22-231)- dated 30th December 2022. The District Court Trashigang convicted him for criminal offences related to discharge of official function. The amount is still not recovered as of the date.

1.3.2.15 DZONGKHAG ADMINISTRATION, TRASHIYANGTSE

During the year, the RAA conducted two audits of the Dzongkhag Administration, Trashiyangtse. There were 16 observations amounting to Nu.12.588 million of which seven observations amounting to Nu.6.323 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.265 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.5.350 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.915 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, the total amount of irregularities reported to the Parliament were settled, however, one observation under non-compliance of laws and rules remained unresolved as of 29 February 2024 as narrated below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament which remained unsettled as of 29 February 2024 is as discussed below:

1. Non-compliance to Laws and Rules

1.1.2 DELAY IN THE COMPLETION OF INTERNAL WATER SUPPLY PIPELINE AT DOKSUM

TOWN LIABLE FOR LIQUIDATED DAMAGES

The construction of Internal Water supply Pipeline for new township at Doksum, under Khamdang Gewog awarded to M/s Dawa Zangpo at a contract amount of Nu.12.175 million was not completed on the stipulated contract period date i.e. 30/08/2017. The contractor was liable for liquidated damages as per SCC. *AIN: 15244; Para: 3.2; Accountabilities: Direct: Ugyen Zangmo, AE, EID # 200507220; Supervisory: Tshering Wangchuk, DE, EID # 9307023.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 3 Aug.2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. reported that LD was imposed on the contractor for the works delayed. However, the project couldn't be completed by the contractor and the contract was cancelled. Further, legal action was initiated against the contractor and was directed to pay liquidity damages and other penalties. The defaulter has agreed to pay the penalties.

The RAA stated that if due process of termination of the contract and legal process was followed and the issue could be resolved based on the court verdict. However, the Dzongkhag should furnish such documents to RAA for review and appropriate decision.

The PAC advised the Dzongkhag Adm. to submit all the relevant documents pertaining the issue to RAA by 31 Aug. 2021 for review and appropriate decision.

However, it is informed that the Dzongkhag Tender Committee, Trashiyangtse has given two years to settle the case as per the committee's resolution dated 7th July 2021. As such the case remained unresolved as of 29 February 2024 beside serving of follow-up reminder letter No. OAAGSJ/Follow-up-04)Dz-Tyangste/2022-2023/313 dated 30/01/2023 and ATR reminder was sent vide letter No. OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023.

The para is under legal suit and decision of Court is awaited, for settling the observation.

1.3.2.16 DZONGKHAG ADMINISTRATION, TRONGSA

During the year, the RAA conducted one audit of the Dzongkhag Administration, Trongsa. There were 57 observations amounting to Nu.19.364 million of which 18 observations amounting to Nu.1.215 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.18.149 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.8.450 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.9.699 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 5.569 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	3.854	-	3.854	-
2	Shortfalls, Lapses and Deficiencies	1.715		1.715	-
	Total	5.569	-	5.569	-

The details of unsettled irregularities reported to the Parliament in April 2023, the irregularities settled thereafter and the unsettled ones as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.3.854 million

There were cases of non-compliance to laws and rules involving Nu.3.854 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Un-reconciled differences in the non-revenue deposit account	-	-	Unsettled
1.2	Non-recovery of 20% on value of work not completed after termination of contract	1.642	-	1.642
1.3	Non-forfeiture of 10% Performance Security	1.150	-	1.150
1.4	Payment of refundable deposit without obtaining refundable release	0.683	-	0.683
1.5	Non-recovery of 10% on value of work not completed after termination of contract	0.167	-	0.167
1.6	Non-forfeiture of 10% Performance Security	0.167	-	0.167
1.7	Non/late annual declaration of asset invite levy of penalty	0.045	-	0.045
	Total	3.854		3.854

The cases of non-compliance to laws and rules are as indicated below:

1.1 UN-RECONCILED DIFFERENCES IN THE NON-REVENUE DEPOSIT ACCOUNT

The Dzongkhag Administration, Trongsa had un-reconciled differences in the non-revenue deposits account amounting to Nu.4.290 million for the financial year 2016-2017. Against the receipts of Nu.53.049 million from various agencies on account of Deposit Works during the year, the Dzongkhag Administration had deposited Nu.57.338 million resulting into excess deposit of Nu.4.290 million into Non-Revenue Account.

Similarly, against the deposit of Nu.57.338 million during the year, the Dzongkhag had obtained Non-revenue Releases of Nu.55.722 million. From the Non-Revenue Releases of Nu.55.722 million obtained from the Department of Public Accounts (DPA), Nu.57.126 million were found paid to various parties with resultant excess payment of Nu.1.404 million to parties without obtaining equivalent release from the DPA. *AIN: 15528; Para: 43.1 & 43.2; Accountabilities: Direct: Tshering Dawa, Accountant, EID # 2014204880; Supervisory: Sangay Chojay, Accounts Officer, EID # 20160106472.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall

of the Trongsa Dzongkhag where the Dzongkhag expressed that the unreconciled difference is a system generated difference and not the case of misuse. The Dzongkhag agreed to reconcile the difference in accordance with the MoF circular No.DPA/ePEMS-01/2021-2022/17 dated 5 July 2021 where directives are given for resolving such differences with the system. PAC directed the Dzongkhag to submit a reconciliation report on or before 31 Aug. 2021 to the RAA for settling the issue.

However, the observation remained unresolved as of 29 February 2024, as RAA did not receive any action taken report as against the Follow up Report issued vide RAA-BT/Fus-03/2023/130 dated 20/11/2023.

1.2 NON-RECOVERY OF 20% ON VALUE OF WORK NOT COMPLETED AFTER TERMINATION OF CONTRACT - NU.1.642 MILLION

The Dzongkhag Administration, Trongsa had not recovered Nu.1.642 million from M/s Ringdol Construction, Thimphu upon termination of contract for the construction of four-unit staff quarter, main BHU building-cum-toilet for Dangdung BHU-I. The amount was recoverable as 20% on value of work not completed at the time of termination of contract as per the Clause No. 6.3.7.2 of the PRR 2009⁹. *AIN: 15528; Para: 16.1; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Tenzin Wangchuk Construction, CDB No.3816; Supervisory: Dorji Gyeltshen, DE, EID # 9707034.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that the issue was taken up for arbitration and the arbitral award was passed in favor of the Dzongkhag. The contractor then appealed before the High Court and the same decision was upheld. However, due to lack of legal officer the judgment passed by the court couldn't be enforced. PAC advised the Dzongkhag Administration to follow up for enforcement of the judgment passed and report to the RAA.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

1.3. NON-FORFEITURE OF 10% PERFORMANCE SECURITY - NU.1.150 MILLION

The Dzongkhag Administration, Trongsa had not recovered Nu.1.150 million from M/s Ringdol Construction, Thimphu upon termination of contract for the construction of four-unit staff quarter, main BHU building-cum-toilet for Dangdung BHU-I. The amount was recoverable as forfeiture of 10% Performance Security at the time of termination of contract as per the Clause no. 17.2 of the Standard Bidding Document¹⁰. The case is sub-judice. *AIN: 15528; 16.2; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Tenzin Wangchuk Construction, CDB No.3816; Supervisory: Dorji Gyeltshen, DE, EID # 9707034.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that the issue was taken up for arbitration and the arbitral award was passed in favor of the Dzongkhag. The contractor then appealed before the High Court and the same decision was upheld. However, due to lack of legal officer the judgment passed by the court couldn't be enforced. PAC advised the Dzongkhag Administration to follow up for enforcement of the judgment passed and report to the RAA.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

1.4. PAYMENT OF REFUNDABLE DEPOSIT WITHOUT OBTAINING REFUNDABLE RELEASE - NU.0.683 MILLION

The Dzongkhag Administration, Trongsa had made payment of Nu.0.683 million to parties on account of refund of Refundable Deposits without obtaining equivalent release from the DPA, MoF. Further, the Dzongkhag Administration had not reconciled the deposit and payments in the Refundable Deposit Account on a regular basis and had not maintained proper records of transactions pertaining to this particular account. *AIN: 15528; Para: 42; Accountabilities: Direct: Tshering Dawa, Accountant, EID # 2014204880; Supervisory: Sangay Chojay, Accounts Officer, EID # 20160106472.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that the issue was taken up for arbitration and the arbitral award was passed in favor of the Dzongkhag. The contractor then appealed before the High Court and the same decision was upheld. However, due to lack of legal officer the judgment passed by the court couldn't be enforced. PAC advised the Dzongkhag Administration to follow up for enforcement of the judgment passed and report to the RAA.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

1.5. NON-RECOVERY OF 10% ON VALUE OF WORK NOT COMPLETED AFTER TERMINATION OF CONTRACT - NU.0.167 MILLION

The Dzongkhag Administration, Trongsa had awarded the construction of farm road from Gamji to Zhiling Gonpa to M/s Jordan Construction, Trongsa. The work was scheduled from 5 February 2016 to 5 April 2017. However, the contractor had not started the work despite serving numerous reminders and warning letters by the Dzongkhag Tender Committee (DTC). Subsequently, the contract was terminated on 25 October 2017 as per the General Conditions of Contract without recovering the amount of Nu.0.167 million on account of 10% on value of work not completed liable as per the Clause no. 6.3.7.2 of the PRR 2009¹¹. *AIN: 15528; Para: 15.1; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Jordan Construction, CDB No.3221; Supervisory: Tobgay, DE, EID # 201101170.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that amount could not be recovered from the contractor. The PAC directed the Dzongkhag to take a legal recourse under intimation to the RAA.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

1.6. NON-FORFEITURE OF 10% PERFORMANCE SECURITY - NU.0.167 MILLION

The Dzongkhag Administration, Trongsa had not forfeited Nu.0.167 million from M/s Jordan Construction, Trongsa upon termination of contract for the construction of farm road from Gamji to Zhiling Gonpa. The amount was recoverable as forfeiture of 10% Performance Security at the time of termination of contract as per the Clause no. 17.2 of the Standard Bidding Document¹². *AIN: 15528; Para: 15.2; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Jordan Construction, CDB No.3221; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that amount could not be recovered from the contractor. The PAC directed the Dzongkhag to take a legal recourse under intimation to the RAA.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

1.7 NON/LATE ANNUAL DECLARATION OF ASSET INVITE LEVY OF PENALTY - NU.0.091 MILLION

The Dzongkhag Administration, Trongsa had not levied penalty amounting to Nu.0.137 million on officials who had failed to declare their assets for 2014 with the ACC. As of 31 March 2019, recovery amounting to Nu.0.046 million was made leaving balance of Nu.0.091 million. *AIN: 15528; Para: 40; Accountabilities: Direct: Refer Accountability Statement in audit report; Supervisory: Refer Accountability Statement in audit report.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that, from the total amount of penalty leviable, balance amount of Nu. 67,465/- each is yet to be deposited by Choni Dorji and Jigme Namgyal. The PAC directed the Dzongkhag Administration to put concerted effort to recover the amounts, if not take legal recourse for the recovery of the same.

Subsequently out of the total penalty of Nu.0.091 million; Nu.0.046 million (Nu. 45,625.00) was recovered vide R/No.02023 dated 17/08/2021 leaving a balance of Nu.0.046 million as of 31 March 2023.

The balance sum of Nu 48,709.00 was recovered vide receipt No. 02023 dtd 17/08/21 and Follow up Report issued vide RAA-BT/Fus-03/2023/130 dated 20/11/2023

2 Shortfalls, Lapses and Deficiencies - Nu.1.715 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.715 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.2	Payment made for works not executed	0.973	-	0.973
2.8	Inadmissible payment of remuneration and other benefits for the days of Extra Ordinary Leave	0.184	-	0.184
2.9	Missing of items worth	0.209	-	0.209
2.11	Non-accountal of electrical items	0.156	-	0.156
2.12	Non-deduction of rebates and excess payment	0.139	-	0.139
2.16	Payment made for item not provided at site in the construction of Vegetable Market Shed	0.054	-	0.054
2.21	Non-recovery of the cost for TMT bars	-	-	Unsettled
	Total	1.715		1.715

2.2. PAYMENT MADE FOR WORKS NOT EXECUTED - NU.0.973 MILLION

The Dzongkhag Administration, Trongsa had made payment of Nu.0.973 million to M/s Tenzin Wangchuk Construction, Trongsa without actual execution of work at site in the construction of 4-unit staff quarters at Trongsa Hospital. The contractor was paid a total of Nu.1.500 million through RA bills as payment for the items of works up to cornices level, but items of work worth Nu.0.973 million was found not executed at site. The contract was also found delayed considerably.

The lapse had occurred apparently due to negligence on the part of the site engineer to properly verify the contractor's bills against the quantities of work executed at site. *AIN: 15528; Para: 17; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Tenzin Wangchuk Construction, CDB # 3816; Supervisory: Dorji Gyeltshen, DE, EID # 9707034.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the work was awarded to M/s Tenzin Wangchuk Construction, Trongsa. Material advance was paid to the contractor and the work was started. After payment of running bill of Nu. 15 Lakhs to the contractor the works were stopped. After that the contract was terminated and the work was awarded to another contractor and works has been completed.

The RAA requested the Dzongkhag Administration to submit the contract termination record, work completion documents and account settlement details. The PAC directed the Dzongkhag Administration to submit the report on or before 31 August 2021 to the RAA for review and settlement of the issue.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

2.8 INADMISSIBLE PAYMENT OF REMUNERATION AND OTHER BENEFITS FOR THE DAYS OF EXTRA ORDINARY LEAVE - NU.0.184 MILLION

The Dzongkhag Administration, Trongsa had made inadmissible payment of Nu.0.214 million on account of remuneration and other benefits to officials on EOL, in contravention to BCSR, 2012. The payment of salary during the EOL had occurred apparently due to lack of coordination between the HR and Accounts Section. As of 31 March 2019, recovery amounting to Nu.0.029 million was made leaving balance of Nu.0.184 million. *AIN: 15528; Para: 30; Accountabilities: Direct: Jigme Dorji, GAO, EID # 9507122; Jai Bahadur Rai, EID # 201001363; Supervisory: Jigme Dorji, GAO, EID # 9507122; Jai Bahadur Rai, EID # 201001363.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the amount of Nu.0.184 m against Jigme Dorji, GAO could not be recovered as of date, as he has been transferred to Sarpang. The PAC directed Dzongkhag Administration to recover the amount within 31 Aug. 2021 if not take legal recourse for recovering the same.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

2.9. MISSING OF ITEMS WORTH - NU.0.209 MILLION

The Dzongkhag Administration, Trongsa had incurred an expenditure of Nu.1.424 million for the construction of Camp and procurement of necessary items for the camp during 109th National Day Celebrations coordinated by Dzongkhag Kidu Officer. The purchase included both expendable and non-expendable items. The physical verification of non-expendable items revealed that items worth of Nu.0.209 million were missing which included bedroom furniture, mattresses and bed linen, toilet fixtures, fittings and other items like electrical items, refrigerator, water tank and window curtains. The lapses had occurred due to lack of coordination between the handling committee and the Dzongkhag store to safeguards the items after the celebration. *AIN: 15528; Para: 18; Accountabilities: Direct: Chencho Gyeltshen, EID # 2101146; Supervisory: Chencho Gyeltshen, EID # 2101146.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the accountable person Chencho Gyeltshen has resigned and went to Australia now and the observation could not be settled. The PAC directed Dzongkhag Administration to submit detail report on the subject and forward to RAA within 31 Aug. 2021.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

2.11 NON-ACCOUNTAL OF ELECTRICAL ITEMS - NU.0.156 MILLION

The Dzongkhag Administration, Trongsa had not accounted for electrical items worth Nu.0.156 million. 58 rolls of copper wire were procured for the electrification of camp during the 109th National Day Celebration. However, during physical verification there were no electrical items found at site. The Dzongkhag Administration had not exercised due diligence to ensure proper accountal and custody of copper wires. *AIN: 15528; Para: 19; Accountabilities: Direct: Chencho Gyeltshen, EID # 2101146; Supervisory: Chencho Gyeltshen, EID # 2101146.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the accountable person Chencho Gyeltshen has resigned and went to Australia now and the observation could not be settled. The PAC directed Dzongkhag Administration to submit detail report on the subject and forward to RAA within 31 Aug. 2021.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

2.12 NON-DEDUCTION OF REBATES AND EXCESS PAYMENT - NU.0.139 MILLION

The Dzongkhag Administration, Trongsa had not deducted rebate of Nu.0.069 million offered by M/s Druk Dreams Construction, Trongsa from the contractor's bills and had instead made excess payment amounting to Nu.0.139 million to the contractor by adding the rebate amount to the bill in the construction of Indigenous Unit at Kuengarabten BHU. The excess payment had apparently occurred due to failure of the site engineer and supervising engineer in exercising due diligence while verifying the contractor's claims. *AIN: 15528; Para: 6; Accountabilities: Direct: Dawa Lhamo, Site Engineer, EID # 20120100124; M/s Druk Dreams Construction, CDB No. 5218; Supervisory: Passang Dorji, DE, EID # 8201041.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the District Engineer, Dawa Lhamo resigned from service and went to Canada, therefore the issue remained unsettled. The PAC advised the Dzongkhag Administration to pursue for recovery of the amount from the contractor by 31 Aug. 2021 or take legal recourse for recovering the same.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

2.16 PAYMENT MADE FOR ITEM NOT PROVIDED AT SITE IN THE CONSTRUCTION OF VEGETABLE MARKET SHED - NU.0.054 MILLION

The Dzongkhag Administration, Trongsa had made payment of Nu.0.054 million to M/s Landmark Builders, Trongsa for items of works “providing and fixing terrazzo marble chips skirting” not provided at site in the construction of vegetable market shed at Trongsa town. The lapses had occurred due to improper verification of work done at site with contractor’s claims. *AIN: 15528; Para: 10; Accountabilities: Direct: Dawa Lhamo, Site Engineer, EID # 20120100124; M/s Landmark Builders, Contractor, CDB No.3077; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that initially the payment was made after a rough measurement of the works completed. Later with the proper measurement it was found that over payment was made to the contractor. The PAC advised the Dzongkhag Administration to pursue for the recovery of the amount from the contractor by 31 Aug. 2021 or take legal recourse for recovering the same.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

2.21 NON-RECOVERY OF THE COST FOR TMT BARS

The Dzonkhag Administration, Trongsa had not recovered the cost of 2,881.54 kgs of TMT Rebars sold to M/s Gyserling Construction, Trongsa as of March 2018. The lapses had occurred due to lack of follow-up on realizing the value of materials taken by the contractor. *AIN: 15528; Para: 41; Accountabilities: Direct: Kinzang Tenzin, Assistant Engineer, EID # 201001716; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the amount was recovered. However, the details of recovery if any made was not furnished to the RAA. The PAC directed the Dzongkhag Administration to forward the details of recovery to the RAA by 31 August 2021.

A Follow-up Report vide letter No. RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served in seek

of ATR response. However, the observation remained unresolved as the said amount was not recovered as of 29 February 2024.

1.3.2.17 DZONGKHAG ADMINISTRATION, TSIRANG

During the year, the RAA conducted one audit of the Dzongkhag Administration, Tsirang. There were 43 observations amounting to Nu.6.273 million of which 28 observations amounting to Nu.1.955 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion. The significant irregularities reported in the draft AAR 2018 amounted to Nu.4.318 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.2.582 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.736 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. One irregularity under non-compliance to rules and regulations reported in April 2023 was settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Non-ompliance to rules and regulations	-	-	-	Settled
	Total	-	-	-	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled one in 29 February 2024 is as discussed below:

1. Non-compliance to Laws and Rules

2.4 NON-RECTIFICATION OF DEFECTIVE WORKS

The Dzongkhag Administration, Tsirang had not instructed the contractor to rectify defective works noted in the construction of Zigray at Namgaycholing Dratshang. The plinth protection at the right side of the building and the retaining wall being constructed below the Zigrey including the steps had developed cracks. *AIN: 15235; Para: 7.3; Accountabilities: Direct: Gem Dorji, Executive Engineer, EID # 8908079; Supervisory: Gem Dorji, Executive Engineer, EID # 8908079.*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 9 August 2021 at RAA, PDC Tsirang where the Executive Engineer reported that the defective works had not been rectified by the contractor despite request made to him. The PAC directed the Dzongkhag to initiate the rectifications and updates intimated RAA by 31 Aug. 2021.

Based on the rectification report submitted vide letter No. TD/DES-18/202-2022/6412 dated 23/03/2023, the observation was settled vide issue of the Follow up Report No.RAA/OAAG(T)/FUS-02/2022-2023/0361 dated 23 May 2023.

1.3.2.19 DZONGKHAG ADMINISTRATION, ZHEMGANG

During the year, the RAA conducted two audits of the Dzongkhag Administration, Zhemgang. There were 28 observations amounting to Nu.15.353 million of which 18 observations amounting to Nu.4.167million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion. The significant irregularities reported in the draft AAR 2018 amounted to Nu.11.186 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.165 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.11.021 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Subsequently, out of the unsettled irregularities of Nu. 2.605 million reported to the Parliament in April 2023; Nu.1.705 million was resolved leaving a balance of Nu.0.900 million as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2022 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2023 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	2.605	1.705	0.900	65.45
	Total	2.605	1.705	0.900	65.45

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.0.900 million

There were cases of non-compliance to laws and rules involving Nu.0.900 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Short-levy of liquidated damages	1.705	1.705	-
1.2	Release of final bill without completing the works	0.900	-	0.900
	Total	2.605	1.705	0.900

1.1. SHORT-LEVY OF LIQUIDATED DAMAGES - NU.1.705 MILLION

The Dzongkhag Administration, Zhemgang had accepted and taken over incomplete works and failed to levy liquidated damages of Nu.1.705 million on the contractor, M/s S.L. Construction Pvt. Ltd. Thimphu in the construction of 200-bedded Girls Hostel at Zhemgang Central School. The contract work was scheduled to commence from 20 June 2015 and to be completed by 30 June 2016.

However, the site visit revealed that HDPE pipes were not installed, septic tank not completed and gutters were not connected to the rainwater-harvesting reservoir even at the time of audit in November 2017. The work had remained incomplete even after one year three months. Further, the contractor was liable for liquidated damages of Nu.2.006 million, but the Dzongkhag Administration had levied only Nu.0.301 million as liquidated damages for 20 days of delay with resultant short-levy of liquidated damages amounting to Nu.1.705 million. *AIN: 15200; Para: 1.2; Accountabilities: Direct: Yeshey Rinzin, Engineer, EID # 201101215; Supervisory: Kintu, DE, EID # 200801083.*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 7 Aug. 2021 at DYT hall of Trongsa Dzongkhag where the Dzongkhag Administration reported that contractor had rectified the defective works several times as directed by the administration before handing taking of the work. Coincidentally the defects were observed by RAA's officials during their visit to the site. The administration is of the opinion that the issue seems to be the inability to distinguish whether the work falls under LD or defect liability period. RAA stated that, it is important for the Dzongkhag Administration to coordinate with the school management to resolve this issue as it is the responsibility of the school management to inform Dzongkhag Administration about the defective works and rectify it without having to wait for RAA to inspect and point out the mistakes. The PAC advised the administration to coordinated with the school management of Zhemgang Central School and submit a proper report to RAA by 31 Aug. 2021 for review and appropriate action.

The observation was resolved based on the recommendation from the PAC, assurance letter provided by Principal of the Zhemgang Central School and the LD of Nu. 3,00,905.00 being deducted from the Final bill.

1.2. RELEASE OF FINAL BILL WITHOUT COMPLETING THE WORKS - NU.0.900 MILLION

The Dungkhag Administration, Panbang had not recovered Nu.0.900 million from the contractor's final RA bill upon termination of contract in the construction of Fencing with Gate and Maintenance of NCH at Pangbang BHU I under Nangla Gewog. The Dungkhag Administration had released the final payment without deducting payment for works not executed, penalty on termination and material advances. The contract was terminated by the Dungkhag Tender Committee due to non-completion of work on time despite repeated reminders.

The lapses had occurred due to non-verification of work done prior to releasing the payments and making payment in excess of actual work done. *AIN: 15329; Para: 7; Accountabilities: Direct: Singye Wangchuk, AE, EID # 200507221; Supervisory: Singye Wangchuk, AE, EID # 200507221.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 7 Aug. 2021 in DYT hall of Trongsa Dzongkhag where the Dzongkhag Administration reported that, the contractor couldn't complete the work and the contract was terminated after levying liquidated damages and 20% penalty. Certain amounts were recovered from 10% of performing security deposit and as of now Nu. 176,000/- is to be recovered from the contractor. Later, the work was assigned to another contractor and completed. The PAC directed the Dzongkhag Administration to submit recovery details and accountal of the amount along with justifying how the balance recoverable amount of Nu. 176,000/- was arrived at. The recovery of the amount should be initiated and updates given to the RAA by 31 August 2021.

Out of total recoverable Nu. 899,857.14, a sum of Nu. 176,077.54 was the final recoverable amount worked out as per the re-verification report submitted to RAA vide letter No.PD/ES-17/2021/297 dated 22/10/2021 for which, the RAA had issued a Review Report vide letter No.RAA/BT/Fus-01/2021/124 dated 01/12/2021 for necessary ATR response.

However, the observation remains unsettled as no ATR response was received.

1.3.3.2 GEWOGS ADMINISTRATION UNDER MONGGAR DZONGKHAG

IX. NARANG

During the year, the RAA conducted one audit of the Gewog Administration, Narang under Monggar Dzongkhag. There were three observations amounting to Nu.0.618 million of which one observation amounting to Nu.0.011 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.607 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.607 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity of Nu.0.117 million reported to the Parliament in April 2023 was dropped on the submission of justification on 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.117	0.117	-	100
	Total	0.117	0.117	-	100.00

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

144 Non-compliance to Laws and Rules – Nu.0.117 million

The case of non-compliance to laws and rules amounted to Nu.0.117 million as indicated below:

1.1. UNDUE DELAY IN TAKING OVER OF THE COMPLETED WORK AND NON-LEVY OF LIQUIDATED DAMAGES - NU.0.117 MILLION

The Gewog Administration, Narang had not levied liquidated damages amounting to Nu.0.117 million to M/s N. Yarphel Construction, Pemagatshel for undue delay in taking over of the completed work in the construction of Farm Road from Domshung to Pangkang. The contractor had submitted the completion report on 25 August 2017 against the completion due date of 27 August 2017, but the Dzongkhag Tender Committee had taken over the work only on 8 November 2017, after 75 days from the date of work completion report. The reason for delay in taking over of the completed work was not on record and was indicative that the contractor had submitted the work completion report without actual completion of the work at site to avoid the penalty for delay. *AIN: 15699; Para: 2.1; Accountabilities: Direct: Tshewang Rinzin, AE, EID # 9301052; Supervisory: Tandin Wangchuk, Gup, CID # 10705003815*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 3 August 2021 in DYT hall of Trashigang Dzongkhag where the Gewog Adm. reported that the work was completed by the contractor on time. However, due to medical condition of contractor's sister-in-law, whereby he had to take her to hospital in Calcutta for cancer treatment; 75 days' delay was caused to submit the work completion report.

The RAA stated that if all the statement made is justified based on the evidences the issues would have been considered as settled. The PAC directed the Gewog Adm. to submit proper report endorsed by DTC to RAA by 31 August 2021 for review and appropriate decision.

However, the observation was settled based on the review of justification provided to RAA vide letter no. MD/Accts (07)/2021-2022/1485 dated 31 August 2021 and letter No. Ja-17 (09)2022-2023/350 dated 25 April 2023 which was accepted by AAG-OAAG, Bumthang.

1.3.3.3 GEWOGS ADMINISTRATION UNDER PARO DZONGKHAG

II. LOONG-NYI

During the year, the RAA conducted one audit of the Gewog Administration, Loong-nyi under Paro Dzongkhag. There were seven observations amounting to Nu.1.059 million of which observations amounting to Nu.0.358 million was either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.701 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.701 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 0.247 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.247	-	0.247	-
	Total	0.247	-	0.247	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.247 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.247 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Excess payment to contractor	0.110	-	0.110
2.2	Excess payment to contractor due to non-deduction of stretch of PCC road	0.074	-	0.074
2.3	Excess payment to contractor due to discrepancies in measurement of wall	0.063	-	0.063
	Total	0.247	-	0.247

2.1. EXCESS PAYMENT TO CONTRACTOR - NU.0.110 MILLION

The Gewog Administration, Loong-nyi had made excess payment of Nu.0.110 million to M/s Tandin Dorji Construction in the maintenance work at Dzongdrakha. The contractor was paid for quantities in

excess of actual quantities executed at site due to quantification of providing and laying hammer dressed dry stone soling work in 'square metres' instead of 'cubic metres' and acceptance of excess length against the actual length executed at site. In addition, excess length was found accepted in PCC works up to the plinth area. *AIN: 15302; Para: 3.1; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID # 9807053.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in the NA conference hall, Thimphu where the Site Engineer reported that as per the decision of the exit meeting the amount of Nu. Nu. 220,683/- vide Receipt No. 428201 dated 06/08/2018. Thereby leaving the unsettled balance amount of Nu. 109,717.00 (Nu. 330,400 minus Nu. 220,683) as of 10 Sept. 2021. It was decided that Gewog Administration should deposit the amount by 30 Sept. 2021 and resolve the issue accordingly.

A Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag, officials of the Dzongkhag and Gewogs where the RAA Team was informed by Loongnyi Gup that the Gewog Administration faced challenges in following up with Pema Lhendup, Ex-Engineer as he had already been terminated from the service.

The review meeting decided to recover the amount along with a 24% penalty per annum from the due date of the report (25 Sept. 2018). A Follow-up reminder report was served vide RAA/FUCD(R14) LungnyiGw/2022/1613 dated 09/09/2022 directing the Gewog Administration to expedite the settlement of the issue.

As of the date, Nu. 220,683.00 was deposited vide Receipt No. 428201 dated 06/08/2018 leaving the balance principal amount of Nu. 109,717.00. Until the balance amount along with the accumulated penalty amount are fully recovered, the observation remained unresolved.

2.2. EXCESS PAYMENT DUE TO NON-DEDUCTION OF STRETCH OF PCC ROAD - NU.0.074 MILLION

The Gewog Administration, Loong-nyi had made excess payment of Nu.0.074 million to M/s Tandin Dorji Construction due to non-deduction of portion of positioned PCC works along the stretch of the road in the maintenance work at Dzongdrakha. The site engineer had verified the final RA bill and made payments without deducting the stretch of PCC road. The bill payment was found based on the quantity provided in the BOQ and not on the actual quantity of work executed at site. The site engineer and the Handing/Taking Committee members had not exercised due diligence while verifying the final RA bill and taking over completed works from contractor. *AIN: 15302; Para: 4.2; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID # 9807053; Supervisory Accountability: Jamtsho, Gup, CID # 10806001674.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Site Engineer reported that as per the decision of the exit meeting the amount of Nu. 220,000/- was deposited into Audit Recover Account and has the receipt for the same.

However, as per the records of RAA the amount of Nu. 220,683/- deposited vide Receipt No. 428201 dated 06/08/2018 was for observation 3.1 of AIN.15302 and not against this observation. Hence, the amount of Nu.0.074 million reflected in this observation had remained unrecovered as of 10 Sept. 2021.

It was decided that the Gewog Administration should deposit the amount by 30 Sept. 2021 and resolve the issue accordingly. A Follow-up report was issued vide RAA/FUCD(R14) LungnyiGw/2022/1613 dated 09/09/2022 directing the Gewog Administration to expedite the settlement of the issue.

However, the observation remained unresolved as the amount was not recovered as of 31 March 2023. A Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag, officials of the Dzongkhag and Gewogs where the RAA Team was informed by Loongnyi Gup that the Gewog Administration faced challenges in following up with Pema Lhendup, Ex-Engineer as he had already been terminated from the service. The review meeting decided to recover the amount along with a 24% pa penalty from the due date of the report (25 Sept. 2018).

Until the amount is deposited along with the accumulated penalty, the observation shall remain unresolved.

2.3. EXCESS PAYMENT TO CONTRACTOR DUE TO DISCREPANCIES IN MEASUREMENT OF WALL -NU.0.063 MILLION

The Gewog Administration, Loong-nyi had made an excess payment of Nu.0.063 million to M/s Tandin Dorji Construction due to discrepancies in the measurement of the RRM wall in the maintenance work at Dzongdrakha. The contractor was paid for quantities in excess of the actual quantities executed at the site. The lapses had occurred due to the acceptance of excess dimensions while quantifying the item of work as against the actual dimensions executed at the site by the site engineer while verifying the contractor's bills for payment. *AIN: 15302; Para: 4.3; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID # 9807053; Supervisory: Jamtsho, Gup, CID # 10806001674.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Site Engineer reported that as per the decision of the exit meeting the amount of Nu. 220,000/- was deposited into Audit Recover Account and has the receipt for the same.

However, as per the records of RAA the amount of Nu. 220,683/- deposited vide Receipt No. 428201 dated 06/08/2018 was for the observation 3.1 of AIN.15302 and not against this observation. Hence, the amount of Nu.0.074 million reflected in this observation had remained unrecovered as of 10 Sept. 2021.

It was decided that Gewog Administration should deposit the amount by 30 Sept. 2021 and resolve the issue accordingly. A Follow-up report was issued vide RAA/FUCD(R14)LungnyiGw/2022/1613 dated 09/09/2022 directing the Gewog Administration to expedite the settlement of the issue.

However, the observation remained unresolved as the amount was not recovered as of 31 March 2023. A Follow-up Review Meeting was held on 3 August 2023 in the DYT Hall of the Dzongkhag led by the Hon'ble Auditor General; attended by Dasho Dzongdag, officials of the Dzongkhag and Gewogs where the RAA Team was informed by Loongnyi Gup that the Gewog Administration faced challenges in following up with Pema Lhendup, Ex-Engineer as he had already been terminated from the service. The review meeting decided to recover the amount along with 24% pa penalty from the due date of the report (25 Sept. 2018).

Until the principal amount is being deposited along with the accumulated penalty, the observation shall remain unresolved.

1.3.3.7 GEWOGS ADMINISTRATION UNDER SAMTSE DZONGKHAG

VI. NORLAYGANG

During the year, the RAA conducted one audit of the Gewog Administration, Norlaygang under Samtse Dzongkhag. There were five observations amounting to Nu.2.639 million of which two observations

amounting to Nu.0.021 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.2.618 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.2.465 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.153 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularities of Nu. 0.153 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023(Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/24 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.153	-	0.153	-
	Total	0.153	-	0.153	

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 31 March 2023 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.153 million

1.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.153 MILLION

The Gewog Administration, Norgaygang had made excess payment of Nu.0.164 million during the financial year 2016-2017 to the contractors for construction works under Norgaygang Gewog including:

- street lighting and site development;
- construction of barbed wire fencing and compound gate;
- construction of 2 Blocks of 2-Unit RNR Staff Quarter; and
- construction of 2 Blocks of 64-Bedded Hostel at Sherab Gatshel LSS.

The contractors were found paid for quantities in excess of quantities actually executed at site. The lapses had occurred apparently due to improper verification of actual work done at site by the site engineer and the Gewog Administration. As of 31 March 2019, recoveries of Nu.0.011 million was made leaving balance of Nu.0.153 million. *AIN: 15575; Para: 3; Accountabilities: Direct: Rinchen Dorji, Gup, CID # 11201001292; Supervisory: Rinchen Dorji, Gup, CID # 11201001292.*

Status: Observation Not Settled.

The latest ATR reminder was served vide letter No. RAA/OAAG-P/ling/Nor-Gw-B9/2023/474 dated. 20.09.2023 for initiating further course of action. However, the observation remains unresolved as of 29 February 2024 as the recoverable amount of Nu. 0.153 million along with 24% penalty is not recovered.

VII. PEMALING

During the year, the RAA conducted one audit of the Gewog Administration, Pemaling under Samtse Dzongkhag. There were five observations amounting to Nu.0.478 million of which one observation amounting to Nu.0.010 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.468 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.102 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.366 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularity of Nu. 0.095 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.095	-	0.095	-
	Total	0.095	-	0.095	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.095 million

The case of shortfalls, lapses and deficiencies involving Nu.0.095 million is as summarised below:

2.3. EXCESS PAYMENT DUE TO NON-DEDUCTION OF DIFFERENTIAL PERCENTAGE ON ADDITIONAL ITEMS EXECUTED - NU.0.095 MILLION

The Gewog Administration, Pemaling had made excess payment of Nu.0.095 million to contractor due to non-deduction of the differential percentage (%) on additional items executed in the constructions of 5.2 km Farm Road from Hatikhowa to Talley and 5 km Farm Road from Lamitar to Gondaytar. The lapses had occurred apparently due to non-application of standards/practices set by the Dzongkhag Administration uniformly. *AIN: 15576; Para: 3; Accountabilities: Direct: Khem Raj Ghalley, Gup; CID # 11202000751; Supervisory: Khem Raj Ghalley, Gup; CID # 11202000751.*

Status: Observation Not Settled.

The case is forwarded to legal section vide letter No.DAT/Accts-13/2021-2022/2188 dated. 5/08/2021 for proceed with legal course of actions. However, the observation remains unresolved as of 29 February 2024 as the sum of Nu.0.095 million along with 24% penalty still stands recoverable.

IX. SANGNGAGCHHOELING

During the year, the RAA conducted one audit of the Gewog Administration, Sangngagchhoeling under Samtse Dzongkhag. There were three observations amounting to Nu.0.134 million of which one observation amounting to Nu.0.004 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.130 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.130 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity reported in April

2023 remained unsettled as the accumulated 24% pa penalty was not recovered as of 29 February 2024 as discussed below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies			-	
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unrecovered as of 29 February 2024 was recovered and settled as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.085 MILLION

The Gewog Administration, Sangnagchhoeling had made excess payment of Nu.0.085 million during the financial year 2016-2017 to the contractors for construction works under the Gewog including:

- construction of permanent structure for Sangnagcholing to Nidupling farmroad;
- construction of permanent structure for Labarbot farmroad;
- construction of permanent structure for Karseling farmroad; and
- site development of RNR and Sangnagcholing Gewog office.

The contractors were found paid quantities in excess of quantities actually executed at site. The lapses had occurred apparently due to improper verification of actual work done at site by the site engineer and the Gewog Administration. *AIN: 15581; Para: 2; Accountabilities: Direct: Tshering Wangchuk, Asst. Engineer, EID #200407023; Supervisory: Kinzang Dorji, District Engineer, EID # 9807036.*

Status: Observation Settled.

Principal amount of Nu. 0.085 million was deposited with the RAA, however, the observation remained unsettled as 24% pa penalty amounting to Nu.20,016.93 stands recoverable as of 31 March 2023.

The observation was settled based on the deposit of a 24% penalty interest of Nu. 20,016.93 vide receipt No. A-01704 dated 30/05/2023

XI. TASHICHHOLING

During the year, the RAA conducted one audit of the Gewog Administration, Tashichholing under Samtse Dzongkhag. There were five observations amounting to Nu.0.362 million of which two observations amounting to Nu.0.019 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.343 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.343 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularity of Nu. 0.317 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
3	Shortfalls, Lapses and Deficiencies	0.317	-	0.317	-
	Total	0.317	-	0.317	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled one as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.317 million

The case of shortfalls, lapses and deficiencies involving Nu.0.343 million is as indicated below:

1.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.343 MILLION

The Gewog Administration, Tashichhoeling had made excess payment of Nu.0.343 million during the financial year 2016-2017 to the contractors for construction works under the Gewog including:

- permanent works at Dangling to Tashichoeling PS farm road;
- permanent structures at Gola - Dangling farm road;
- RCC bridge over Sipsu River at Gola - Chebju farmroad; and
- maintenance of Singyegang farm road.

The contractors were found paid for quantities in excess of quantities actually executed at site. The lapses had occurred due to inadequate supervision and monitoring, and improper verification of the bills with respect to the actual quantity of works executed at site. *AIN: 15584; Para: 3; Accountabilities: Direct: Samir Giri, Gup, CID # 11202000900; Supervisory: Samir Giri, Gup, CID # 11202000900.*

Status: Observation Not Settled.

Out of the total amount of Nu.0.343 million; Nu.0.026 million was deposited with the RAA vide No.456673 dated.03/09/2019 leaving a balance of Nu.0.317 million along with 24% penalty is still reocverable. The latest follow up receport is issued vide no.RAA/OAAG-Pling/sip-Gw/B14/2023/473 dated. 20.09.23

XII. TENDRUK

During the year, the RAA conducted one audit of the Gewog Administration, Tendruk under Samtse Dzongkhag. There were eight observations amounting to Nu.0.980 million of which two observations amounting to Nu.0.029 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.951 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.951 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularity of Nu. 0.810 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2022 (Nu. M)	Amount resolved (Nu. M)	Balance as on 29/02/2023 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	0.393	0.393	0	100.00
3	Non-Compliance to Laws and Rules	-	-	-	-
4	Shortfalls, Lapses and Deficiencies	0.417	-	0.417	-
	Total	0.810	0.393	0.417	48.52

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.393 million

The case with elements of fraud, corruption and embezzlement involving Nu.0.393 million is as indicated below:

1.1. NON-ACCOUNTAL OF SEED FUND OF NU.0.100 MILLION GRANTED BY HH KYABJE JE KHENPO RINPOCHE - NU.0.393 MILLION

The Gewog Administration, Tendruk had not accounted for Nu.0.100 million granted as seed fund by HH the Je Khenpo Rinpoche to the Gewog Tshogchung which comprised of the Commandant, RBA, Tendru, the Sipsu Drungpa, Principal of Tendru Central School, Lam Neten of Tendru Dratshang. The Tshogchung had failed to recover Nu.0.100 million loaned to former Gup, Pema Wangchuk for a period of one year at an interest rate of 3% per month on 22 October 2013. The principal sum was expected to accrue an interest of Nu.0.036 million and the total refundable sum of Nu.0.136 million was due for repayment on 1 November 2014.

However, the former Gup had neither refunded the amount, nor had the Tshogchung Committee pursued the issue legally through the court of law as per the agreement. Further, the principal sum with interest over the years had remained outstanding and the dues amounted to Nu.0.393 million at the time of audit in March 2018. The default in payment had occurred primarily due to non-follow up of the repayment by the concerned Tshogchung Committee and non-enforcement of provisions of the agreement. *AIN: 15585; Para: 8; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: Observation settled.

The amount of Nu. 0.393 million along with 24% penalty stands recoverable as of 31 March 2023. A Follow up Report has been sent vide RAA/OAAG-Pling/Ten-Gw-B16/2023/107 dated 28/02/2023 and the response waited.

However, the 3rd Follow up Report issued vide letter no. RAA/OAAG-Pling/Ten-GW/B16/2023/198 dated 19.4.23 and the observation was settled based on the court verdict and the Gewog Administration had recovered amount of Nu. 210,966.00 from Mr. Pema Wangchuk and deposited into Tendruk Dhongaychoeling Dratshang BoB Account no.201569310.. More over the case does not fall under embezzlement and corruption.

2. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and rules involving Nu.0.036 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Irregularities in tendering of the tenduthang RWSS rehabilitation works	-	-	Settled
	Total	-	-	

2.1. IRREGULARITIES IN TENDERING OF THE TENDUTHAN RWSS REHABILITATION WORKS

The Gewog Administration, Tendruk had not adopted tendering procedures as per the provisions of PRR 2009 for the 'Rehabilitation works of Tenduthrang RWSS' awarded to Mr. Samdrup, Community Contractor at a total bid value of Nu.0.950 million, for three months commencing from 9 February 2017 and scheduled to complete on 9 May 2017. The total cost of the contract work amounted to Nu.0.955 million and included excavation in trenches for laying of pipelines and refilling of pipeline, FCR Tank and intake tank at source as per the RWSS designs.

There was no transparency in dissemination of Notice Inviting Tender (NIT) and no other records or documentary evidences were found to authenticate that due diligence was exercised to obtain bids from other prospective community contractors. Further, the Gup who chaired the committee and awarded the work was found to be a relative of the sole bidder and no conflict of interest was found declared while constituting the Tender Committee due to which the prevalence of conflict of interest in the award of the community contract tender could not be ruled out. *AIN: 15585; Para: 3; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: Observation Settled.

A Follow up Report has been sent vide RAA/OAAG-Pling/Ten-Gw-B16/2023/107 dated 28/02/2023 and the response waited.

However, as per the Advisory Committee Meeting Minutes to be furnish the Cautionary Note through Dzongkhag Tshodu was accordingly furnished by the Gewog Administration vide letter No. SD/HR-15/2022-2023/5746 dated. 26.07.2023. Hence the para was settled with the issue of Follow up Report No. RAA/OAAG-Pling/Ten-Gw-B16/2023/469 dated. 20.09.2023.

3. Shortfalls, Lapses and Deficiencies – Nu.0.417 million

There were case of shortfalls, lapses and deficiencies involving Nu.0.522 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
4.2	Excess payments due to difference in the quantities recorded in MmB and actual quantities executed at site	0.417	-	0.417
	Total	0.417	-	0.417

4.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.417 MILLION

The Gewog Administration, Tendruk had made excess payment of Nu.0.417 million during the financial year 2016-2017 to the contractors for construction works under the Gewog including:

- construction of farmroad from Kuchin to Jumseling; and
- construction of pipe line for irrigation channel at Kachin.

The contractors were found paid in excess of quantities actually executed at site. The lapses had occurred due to inadequate supervision and monitoring, and improper verification of the bills with respect to the actual quantity of works executed at site. *AIN: 15585; Para: 2; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: *Observation Not Settled.*

The amount of Nu. 0.417 million along with 24% penalty stands recoverable as of 31 March 2023. A Follow up Report has been sent vide RAA/OAAG-Pling/Ten-Gw-B16/2023/107 dated 28/02/2023 and the response waited.

The Tendruk Gewog have forwarded the case to the Dzongkhag Legal Office to proceed with the case.

1.3.3.10 GEWOGS ADM. UNDER TRASHIGANG DZONGKHAG

1. Shortfalls, Lapses and Deficiencies

II. KANGLUNG

During the year, the RAA conducted one audit of the Gewog Administration, Kanglung under Trashigang Dzongkhag. There were three observations amounting to Nu.0.210 million of which one observation amounting to Nu.0.018 million was resolved prior to the compilation of the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.0.192 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.192 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity under Non-compliance to Laws and Rules reported in April 2023 remained unresolved as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in April 2023 which unsettled as of 29 February 2024 is as discussed below:

1. Non-compliance to Laws and Rules

1.1. ACQUISITION OF LAND AND BUILDING AT YONGPHU LHAKHANG WITHOUT APPROVAL

The Gewog Administration, Kanglung had acquired 0.229 acres of private land with a one-storied

building and 1.909 acres of land for Yonphu Lhakhang at the total lump sum cost of Nu.3.000 million during the financial year 2015-2016 without prior approval from the competent authority. Nu.2.000 million was met from the GDG in contravention to the GDG Guidelines 2014 and Nu.0.067 million was met from Gewog CD Account in the financial year 2016-2017. The lapses had apparently occurred due to failure on the part of Gewog Administration to follow due processes while acquiring the private property as required by the Land Act 2007 of Bhutan and failure to adhere to GDG Guidelines 2014. The Gewog Administration has also failed to seek necessary guidance from the Dzongkhag Authorities while acquiring the property. *AIN: 15327; Para: 2; Accountabilities: Direct: Kinzang Dorji, Gup, CID # 11503004683; Supervisory: Kinzang Dorji, Gup, CID # 11503004683.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag where the Gup reported that this issue remained unresolved because the transfer of ownership (Tharm) was still under process. However, the Gewog Administration has appealed to the Gelpoi Zimpon and the Thram is soon going to be issued.

The RAA stated that sufficient documents are required to prove the legitimacy of the ownership of the land. Further, the Gewog Administration is requested to update RAA after the Tharm is being received.

As per the letter No.DAT/Accts-02/2023-2024/1447 of dtd:7/11/2023 the Gewog Administration, Kanglung they were unable to transfer the Thram in the name of Gewog Administration, since the purchase land was under kasho on excess land until 11th 2024.

A follow-up reminder sent vide letter No.OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023. However, the observation remained unsettled as of 29 February 2024, as the Gewog did not submit land valuation report as per PAVA and the Lagthram.

1.3.3.11 GEWOGS ADM. UNDER TRASHIYANGTSE DZONGKHAG

I. BOOMDELING

During the year, the RAA conducted one audit of the Gewog Administration, Boomdeling under Trashiyangtse Dzongkhag. There was one observation which was not resolved prior to the compilation of the draft AAR 2018. The significant irregularity was reported in the draft AAR 2018. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as discussed below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in April 2023 which got the para settled as of 29 February 2024 is as discussed below:

1. Non-compliance to Laws and Rules

1.1. DELAY IN COMPLETION OF BRIDGE CONSTRUCTION AND LIABLE LIQUIDATED

DAMAGES

The Gewog Administration, Boomdeling had substantial delays in the completion of construction of 125 meter Suspended Bridge at Tobrang for which M/s Banga Construction, Trashiyangtse was liable for liquidated damages. The construction work which started on 11 March 2016 and scheduled for completion on 11 December 2016 was delayed and found incomplete even at the time of audit in January 2018. In addition, Nu.5.698 million representing 92% of the total contract value of Nu.6.193 million was paid to contractor leaving a balance of Nu.0.495 million. The lapses had occurred mainly because of the failure to supervise and monitor the work progress on time. *AIN: 15105; Para: 1; Accountabilities: Direct: Nima Wangdi, AE, EID # 20150105088; Supervisory: Mani Wangdi, Gup, CID # 11601001060.*

Status: Observation Settled.

The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in DYT hall of Trashigang Dzongkhag where the Gup reported that the work was completed and all the documents were ready for submission. However, due to their failure to report the same to RAA, this issue had remained unsettled.

The PAC directed that Gewog Administration to submit work completion report to RAA by 31 Aug. 2021 for review and appropriate decision. Although the Gewog had submitted the work completion report vide letter No. Yangdzong/Zorig(15)2021-2022/24 of 10/08/2021 liquidated damages for late completion of the work was not recovered as at 29 February 2024.

However, based on the explanation provided during Auditor General's visit to Dzongkhag Administration, Trashiyangtse on 22/08/2023, the para was settled. However, the current audit team (2022-2023) is to verify the activity and report separately incase of irregularities noted during the review.

1.3.3.12 GEWOGS ADMINISTRATION UNDER TRONGSA DZONGKHAG

I. Dragteng

During the year, the RAA conducted one audit of the Gewog Administration, Dragteng under Trongsa Dzongkhag. There were six observations amounting to Nu.0.876 million of which two observations amounting to Nu.0.450 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.426 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.426 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity reported in April 2023 remained unsettled as of 29 February 2024 due to the non-recovery of a 24% pa penalty as explained below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. EXCESS PAYMENT IN THE RENOVATION OF TOEDCHU IRRIGATION CHANNEL - NU.0.061 MILLION

The Gewog Administration, Langthel had made an excess payment of Nu.0.061 million to M/s Yundro Construction, Trongsa for the Renovation of the Toedchu Irrigation channel. The contractor was found paid for the excess height of the RRM wall than actually provided at the site. The lapses are indicative of inadequate monitoring and supervision of the site during the execution as well as failure to exercise due diligence in certifying the claims of the contractor. *AIN: 15500; Para: 2; Accountabilities: Direct: Sonam Tshering, JE, EID # 20140103506; M/s Yundro construction, Trongsa, CBD # 7799; Supervisory: Sonam Dendup, Gup, CID # 11703000276.*

Status: Observation Not Settled.

The observation remained unsettled as of 29 February 2024 due to non-recovery of accumulated 24% penal interest working Nu.0.029 million, although the principal amount of Nu.0.061 million was deposited into ARA vide R/No.02071 dated 31/08/2021.

II. NUBI

During the year, the RAA conducted one audit of the Gewog Administration, Nubi under Trongsa Dzongkhag. There were five observations amounting to Nu.3.034 million of which none were resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.3.034 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.3.034 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularity of Nu. 2.483 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	2.483	-	2.483	-
	Total	2.483	-	2.483	

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.2.483 million

There were cases of shortfalls, lapses and deficiencies involving Nu.2.483 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Outstanding advances	2.010	-	2.010
1.2	Payment of final bills without completion of work	-	-	-
1.3	Payment made for works not/less executed	0.473	-	0.473
	Total	2.483	-	2.483

1.1. OUTSTANDING ADVANCES - NU.2.010 MILLION

The Gewog Administration, Nubi had overdue PW Advances amounting to Nu.2.010 million during the year 2016-2017. Nu.0.310 million pertained to M/s P. Norbu Construction, Nu.0.167 million pertained to M/s Jorden Construction and Nu.1.533 million was lying unadjusted against the Dzongda, Dzongkhag Administration, Trongsa. The non-liquidation of advances even after completion of works was in deviation to the provisions of the FRR. *AIN: 15512; Para: 1; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; M/s P Norbu Construction, Contractor, CDB # 5333; Supervisory: Rinzin Dorji, Planning Officer, CID # 11410000678; Ugyen Tenzin, Gup, CID # 11704000066.*

Status: Observation Not Settled.

This observation was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that the contract work was awarded to three contractors. In case of first contractor, material advance was paid to the contractor (P. Norbu Construction) but the contractor didn't do the work. The work was then completed by community people. The Gewog Administration followed up with the contractor but there was no positive response from him. Therefore, legal recourse was sought against the contractor for the recovery of Nu. 310,000/- In the case of contractor No. 2, a sum of Nu. 167,000/- is recoverable from him but he is in prison at present. The work of Nu. 1,533,000/- million has been completed by contractor No. 3 and the documents are yet to be submitted to RAA.

The RAA expressed that it has been almost four years since this issue is pending and a legal measure seems to be the only possible solution to resolve this issue. The PAC directed the Gewog Administration to submit the documents of the works completed and take legal action against the two defaulting contractors by 31 Aug. 2021 and report to RAA.

A Follow up Report was issued vide RAA-BT/Fus-03/2023/128 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024 as no ATR report was submitted by the Gewog as of 29 February 2024.

1.2. PAYMENT OF FINAL BILLS WITHOUT COMPLETION OF WORK

The Gewog Administration, Nubi had released full payment of final RA bills to the contractors without having completed the construction of farm roads. M/s Trophel Construction was paid Nu.1.197 million for the improvement of Chunipang to Karshong farm road and M/s Norwang Construction was paid Nu.1.204 million for the improvement of Chunipang to Drenzhi farm road on 23 June 2017. The release of full payment without completing the works was irregular and in violation of the FRR. *AIN: 15512; Para: 2; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; Supervisory: Ugyen Tenzin, Gup, CID # 11704000066.*

Status: Observation Not Settled.

This observation was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that M/s Trophel Construction had completed the work and the report was submitted to RAA.

With regard to M/s Noryang Construction, the work was reported still pending and the contractor

missing. It was stated that the contractor did not renew his contract license with CDB but is believed to be working in the name of another person. However, the Gewog Adm. gave assurance to contact the contractor and resolve the issue; if not will take legal recourse.

It was decided that, Gewog Administration should submit documents related to the works completed by M/s Trophel Construction & take legal recourse against M/s Noryang Construction and intimate RAA by 31 Aug. 2021.

A Follow up Report was issued vide RAA-BT/Fus-03/2023/128 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024 as no ATR report was submitted by the Gewog as of 29 February 2024.

1.3. EXCESS PAYMENT FOR WORKS NOT/LESS EXECUTED - NU.0.473 MILLION

a) Similarly, excess payment of Nu.0.389 million was made to M/s Trophel Construction, Trongsa for items of works not/short executed in the item of work 'Lined V-shaped drain' in the improvement of Chunipang to Karshong farm road. The excess payment had occurred due to release of payments to the contractor without actual completion of the work in all respects to avoid lapse of fund. *AIN: 15512; Para: 4; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; M/s Trophel Construction, Contractor, CDB # 3988; Supervisory: Tashi Penden, Ex-Gup, 11704001027.*

Status: Observation Not Settled.

The issue was deliberated in the PAC consultative meeting held on 5 Aug.2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that the excess payments made to Trophel Construction should have been adjusted during the settlement of the final bill. The PAC advised the Gewog Adm. to submit the details of settlement of the amount to RAA by 31 Aug. 2021 for review and appropriate decision.

A Follow up Report was issued vide RAA-BT/Fus-03/2023/128 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024 as no ATR report was submitted by the Gewog as of 29 February 2024.

b) The Gewog Administration had made excess payment of Nu.0.084 million to M/s Jongthang Medey Khabab, Trongsa in the improvement of Jongthangto Karshong farm road. The contractor was found paid for RRM box drain instead of RRM L-shaped drain. The lapses had occurred apparently due to inadequate monitoring and supervision of the site during execution and failure to exercise due diligence in certifying the claims of the contractor. *AIN: 15512; Para: 5; Accountabilities: Direct: Tobgay EE, EID # 201101170; Supervisory: Ugyen Tenzin, Gup, CID # 11704000066.*

Status: Observation Not Settled.

The issue was deliberated in the PAC consultative meeting held on 5 Aug.2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. affirmed that there was a shortfall of work executed by Nu. 84,000/-, however, this amount can be recovered from 10% security deposit of the contractor. The PAC advised the Gewog Adm. to recover the amount and deposit with the RAA by 31 Aug. 2021.

A Follow up Report was issued vide RAA-BT/Fus-03/2023/128 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024 as no ATR report was submitted by the Gewog as of 29 February 2024.

IV. KORPHOOG

During the year, the RAA conducted one audit of the Gewog Administration, Korphoog under Trongsa Dzongkhag. There were six observations amounting to Nu.3.920 million of which two observations amounting to Nu.0.050 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.3.870 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.3.870 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity of Nu.0.091 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
3	Shortfalls, Lapses and Deficiencies	0.091	-	0.091	-
	Total	0.091	-	0.091	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled one as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.091 million

1.1. OUTSTANDING ADVANCES - NU.0.091 MILLION

The Gewog Administration, Korphoog had overdue advances amounting to Nu.0.091 million during the year 2016-2017. The non-liquidation of advances even after completion of works was in deviation to the provisions of the FRR. *AIN: 15514; Para: 1; Accountabilities: Direct: Tshetrim Dorji, Ex-Gup, CID # 9912221u; Tshering Dendup, Accountant, EID # 2003070157; Supervisory: Tshetrim Dorji, Ex-Gup, CID # 9912221; Sangay Khandu, Gup, CID # 11702001343.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 5 Aug.2021 in the DYT hall of the Trongsa Dzongkhag and the Gewog Adm. reported that outstanding advance of Nu. 85,000/- was adjusted and the documents submitted to RAA in June 2021. However, the balance amount of Nu. 6,000/- paid as an advance to the former Gup was to be recovered.

As per the records of the RAA the amount remained unsettled as of 5 Aug.2021. Therefore, the Gewog was requested to resubmit adjustment/recovery details to OAAG Bumthang for review and settlement of the outstanding. It was also decided that balance amount should also be recovered on or before 31 Aug. 2021 and report to the RAA for settlement of this issue.

A Follow up Report issued vide RAA-BT/Fus-03/2023/127 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024 as no ATR report was submitted by the Gewog as of 29 February 2024.

1.3.4 AUTONOMOUS AGENCIES

1.3.4.1 BHUTAN COUNCIL FOR SCHOOL EXAMINATIONS AND ASSESSMENT

During the year, the RAA conducted one audit of the Bhutan Council for School Examinations and Assessment. There were five observations amounting to Nu.0.866 million of which one observation amounting to Nu.0.433 million was either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.433 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Council, two observations amounting to Nu.0.120 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.313 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with BCSEA and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularity of Nu. 0.143 million reported to the Parliament in April 2023 has been settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Mismanagement	0.143	0.143	-	100.00

The details of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Mismanagement – Nu.0.263 million

There was a case of mismanagement amounting to Nu.0.263 million as indicated below:

1.1 EXCESS/INADMISSIBLE PAYMENT OF TA/DA FOR TRAVEL IN-COUNTRY - NU.0.263 MILLION

The Bhutan Council for School Examinations and Assessment (BCSEA) had made excess/inadmissible payments amounting to Nu.0.739 million on account of TA/DA to employees as under:

- Amount of Nu.0.442 million pertained to inadmissible TA/DA paid for travel to/from venue before/after workshops/programs organised by BCSEA but the officials had not actually halted at the station as claimed;
- As per agreement drawn between Bhutan Post and the BCSEA the responsibility to collect and drop papers/questionnaires was entrusted to Bhutan Post. However, inadmissible TA/DA amounting to Nu.0.032 million was paid to school Principals for collecting and dropping of Questionnaires and Answer Sheets to Bhutan Post offices;
- Nu.0.019 million pertained to excess payments to officials on account of ex-country travels. Full DSA was claimed from Thimphu to Paro and from Paro to disembarking country on same date. Half DSA for return travels from Paro to place of residence were claimed and paid at third country DSA rates; and
- Nu.0.246 million pertained to full DSA paid to officials for return journey for travel durations that were less than twelve hours.

The claims and payment did not adhere to travel rules and regulations indicating lack of proper financial controls and administrative weakness. As of 31 March 2019, the balance amount recoverable was Nu.0.313 million. *AIN: 15333; Para: 1; Accountabilities: Direct: Kinley Namgay, Accounts Assistant, EID # 201007233; Supervisory: Dorji Wangchuk, Acting HR/Admin. Officer, EID #*

Status: Observation Settled.

Out of the total recoverable amount of Nu. 739,297.00, Nu. 638,652.29 was recovered from 777 individuals and the balance of Nu.100,644.71 was considered as settled during the 86th AC Meeting.

1.3.4.6 KHESAR GYALPO UNIVERSITY OF MEDICAL SCIENCE OF BHUTAN

During the year, the RAA conducted one audit of Khesar Gyalpo University of Medical Science, Thimphu. There were 10 observations amounting to Nu.0.945 million of which five observations amounting to Nu.0.752 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.193 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the University, one observation was resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.193 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with KGUMS and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularity of Nu. 0.112 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.112	-	0.112	-
	Total	0.112	-	0.112	

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.112 million

There were cases of shortfalls, lapses and deficiencies amounting to Nu.0.112 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. In Million
1.2	Un-reconciled fund balance	0.041	-	0.041
1.3	Non-production of disbursement vouchers	0.071	-	0.071
1.4	Non-registration of the land in the name of KGUMSB	-	-	-
	Total	0.112	-	0.112

1.1 UN-RECONCILED FUND BALANCE OF NU.0.041 MILLION

The financial statements of the KGUMSB had total un-reconciled fund balance of Nu.0.041 million for two financial years (FY). Nu.0.037 million pertained to the FY ended 30 June 2014 and Nu.0.004 to the FY 30 June 2015. The lapse had apparently occurred due to non-reconciliation of fund on

monthly basis as required by FRR. *AIN: 15412; Para: 3.2; Accountabilities: Direct: Wangchuk Dorji, Accounts Assistant, EID # 20140800033; Supervisory: Wangchuk Dorji, Accounts Assistant, EID # 20140800033.*

Status: *Observation Not Settled.*

A Follow-up report has been sent vide letter No. RAA/FUCD(W37-KGUMSB)2021/2212 dated 29/11/2021. While noting the reconciled statement submitted to RAA, endorsement from the DPA also should be intimated to RAA. Until such time, the observation shall remain unsettled.

1.2 NON-PRODUCTION OF DISBURSEMENT VOUCHERS FOR NU.0.071 MILLION

The KGUMSB had not produced disbursement vouchers for the expenditure worth Nu.0.071 million for verification due to which the RAA could not ascertain the genuineness and the correctness of the payments made and recorded in the books of accounts. *AIN: 15412; Para: 3.5; Accountabilities: Direct: Sonam Tenzin, Accounts Assistant, EID # 20130500015; Supervisory: Wangchuk Dorji, Accounts Assistant, EID # 20140800033.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu, and KGUMSB accepted their mistake for misplacing the disbursement vouchers by the accounts department. It was reported that, a total of four vouchers were misplaced amounting to Nu. 40,000/-, Nu. 13,000/-, Nu. 11,000/- & Nu. 5,000/-. Out of four missing vouchers, voucher amounting to Nu. 40,000/- was pertaining to the bill payments made to Holiday Hotel, Paro and vouchers amounting to Nu. 13,000/-, Nu. 11,000/- & Nu. 5,000/- were related to payments made to three individuals. The management tried to search for the documents but couldn't trace it.

RAA stated that if the original copy of the bills could not be traced then duplicate copy of the bill (payment made to Holiday Home - Paro) and acknowledgement of the payments received by three individuals can be acceptable. The PAC advised KGUMSB that such documents should be submitted to RAA by 31 March 2023 for review and appropriate decision.

The initiative taken by the management is noted. However, RUB should intimate RAA as and when all the missing vouchers are traced out and produced for verification. Until such time, the observation shall remain unsettled.

A Follow up reminder was served vide RAA/FUCD(W37-KGUMSB)2023/424 dt. 07/09/2023. However, the observation remained unsettled as of 29 February 2024.

1.3 NON-REGISTRATION OF LAND IN THE NAME OF KGUMSB

The University Of Medical Sciences Of Bhutan was established on 2 May 2013 by the University of Medical Sciences Act of Bhutan 2012 and officially launched as the Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB) on 28 Feb, 2015. Although the KGUMSB is functioning within the premises of JDWNRH, no proper demarcation of land have been defined. The Director, KGUMSB had requested the management to arrange for the arbitrary demarcation process with the Head of Maintenance Unit, JDWNRH. However, the management of KGUMSB had not followed-up with the JDWNRH for the demarcation process even after lapse of over four years after its initial discussion in 2014, which has deprived KGUMSB of the legal ownership of the land it is occupying presently. *AIN: 15412; Para: 4; Accountabilities: Direct: Karma Dhendup, Chief Architect, EID # 20130500004; Supervisory: Dr. Sithar Dorjee, Director, EID # 20171100082.*

Status: *Observation Not Settled.*

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in the NA conference hall, Thimphu where KGUMSB reported that as directed by RAA, they followed up with the National Land Commission for transferring of Thram. However, NLC informed KGUMSB that they have no authority to follow up for transfer of Thram as the land is under the authority of JDWNRH. The President of JDWNRH further stated that they have received only the user right of the land from Thomde.

The President stated that they will write to Thomde seeking for the transfer of the same. It was decided that this issue should be followed up by the relevant authorities for resolving the same.

However, the observation remained unsettled as of 29 February 2024 despite issuing a follow up reminders vide letter No. RAA/(W37-KGUMSB)/2022/452 dt. 18/04/2022 and RAA/FUCD(W37-KGUMSB)2023/424 dt. 07/09/2023.

1.3.4.8 PHUENTSHOLING THROMDE

During the year, the RAA conducted two audits of Phuentsholing Thomde. There were 36 observations amounting to Nu.8.141 million of which 12 observations amounting to Nu.0.159 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.7.982 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Thomde Administration, observations amounting to Nu.0.047 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.7.935 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Thomde and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. Out of the balance unsettled irregularities of Nu. 4.272 million reported to the Parliament in April 2023, Nu.3.494 million was settled leaving a balance of Nu. 0.778 million as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Mismanagement	2.662	1.993	0.669	75
2	Shortfalls, Lapses and Deficiencies	1.610	1.501	0.109	93.230
	Total	4.272	3.494	0.778	81.79

The details of unsettled irregularities reported to the Parliament in April 2023, the irregularities settled thereafter and the unsettled ones as of 29 February 2024 are as discussed below:

1. Mismanagement – Nu.2.662 million

There were cases of mismanagement amounting to Nu.0.669 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu.in million	Settled Nu. in Million	Balance Nu. In Million
1.1	Short deposit of revenue	0.159	-	0.159
1.2	Penalty for delay in deposit of cheque into CD Account	0.470	-	0.470
1.3	Short-accountal of Revenue Deposits	1.993	1.993	-

1.4	Non-remittance of statutory deductions	0.040	-	0.040
	Total	2.662	1.993	0.669

1.1 SHORT-DEPOSIT OF REVENUE - NU.0.159 MILLION

The Phuentsholing Thromde Administration (PTA) had not deposited revenue collection of Nu.0.159 million into their CD Account. Against the total revenue collection of Nu.75.746 million (as per the deposit slips), the Thromde had made total deposit of Nu.75.587 million into the CD Account (as per the bank statement) resulting in short-deposit of Nu.0.159 million. The lapse had occurred apparently due to failure of the dealing officials to reconcile the collections and deposits of revenue on a monthly basis, and also due to failure on the part of the supervising officer to exercise necessary checks. *AIN: 15523; Para: 2; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: Observation Not Settled.

A follow up report was sent vide letter No.RAA/OAAG-Pling/MoWHS/Thromde-D21/2022/498 dated 15/12/2022, however no response has been received as of 29 February 2024.

However, the case was stated to have been registered with Royal Court of Justice and awaiting the court verdict.

1.2 PENALTY FOR DELAY IN DEPOSIT OF CHEQUE INTO CD ACCOUNT - NU.0.470 MILLION

The PTA had not deposited a cheque amounting to Nu.1.679 million received on account of parking fees from M/s Norzang Builders, Phuentsholing into CD Account. It was deposited only on 28/05/2018 after substantial delay of 14 months, upon pointing it out by the RAA. The delay in deposit had occurred apparently due to absence of periodic reconciliation of the collections and deposits of revenue, and due to laxity of the supervising officer to institute necessary checks. As of 31 March 2019, the penalty of Nu.0.470 million (i.e. $24\% \times 1,679,490.00 \times 14/12$) for delayed deposit was not recovered. *AIN: 15523; Para: 3; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: Observation Not Settled.

As per the 8th Follow-up Committee meeting held on 18/09/2020, it was decided to rephrase the observation to administrative action instead of asking for recovery of the amount as the amount was lying in the drawer and was not misused by the individual.

However, the committee decided that the OAAG, Pling should obtain the deposits details and the assurance letter from the management. A follow up report was sent vide letter No.RAA/OAAG-Pling/MoWHS/Thromde-D21/2022/498 dated 15/12/2022, however, no response was received as of 31 March 2023.

The case is said to have been registered with Royal Court of Justice. Awaiting court verdict besides furnishment of management's assurance letter alongwith evidences for deposits of amount was lying in the drawer.

1.3 SHORT-ACCOUNTAL OF REVENUE DEPOSITS - NU.1.993 MILLION

The PTA had short-accountal of revenue deposits amounting to Nu.1.993 million in its financial statements. The total amount credited as per bank statement was Nu.85.370 million against which only Nu.83.377 was recorded, resulting in short-accountal of Nu.1.993 million in the books of account maintained by the Thromde. The lapse had occurred apparently due to non- reconciliation of the revenue collections and deposits made by the dealing official and due to failure on the part of the

supervising officer to exercise necessary checks to ensure that amount recorded are correct and validated. *AIN: 15523; Para: 5; Accountabilities: Direct: Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation Settled.*

A response was received received vide letter No. PT/IAU-05/2022-2023/03731 dated 03/02/2023, however, the observation could not be resolved.

The Reconciliation was done with rectification of the wrong head bookings. As per the assurances provided to treat the correct accounting and correct bookings in the future, the para was considered as settled.

1.4 NON-REMITTANCE OF STATUTORY DEDUCTIONS - 0.040 MILLION

During the FYs 2016-17 and 2017-18, the PTA had not remitted to the RRCO, the salary tax and other statutory deductions of Nu.0.040 million made from the staffs employed under NAPA project which was in contravention to the requirement under the Revenue Accounting Manual. Further, the payment for the month of August 2017 remitted in cash was not supported with relevant documents such as disbursement voucher and receipts, in absence of which the RAA could not ascertain its authenticity. The lapses had occurred due to failure of the dealing accounts personnel to remit the deduction to RRCO, Phuentsholing coupled with the failure on the part of the supervising officer to exercise due diligence. *AIN: 15523; Para: 10; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID# 8801083.*

Status: *Observation Not Settled.*

A follow up report was sent vide letter no.RAA/OAAG-Pling/MoWHS/Thromde-D21/2022/498 dated 15/12/2022. However, the observation remained unsettled as of 29 February 2024, as no response was received from the management.

3. Shortfall, Lapses and Deficiencies – Nu.1.610 million

There were cases of shortfalls, lapses and deficiencies amounting to Nu.1.610 million as summarised below

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
3.1	Non-reconciliation of Revenue collected, deposited and reflected in the Bank Statement	-	-	Unsettled
3.3	Non-adjustment of personal advances on time	0.080	-	0.080
3.4	Non-adjustment of PW Advances on time	0.029	-	0.029
3.5	Non-reconciliation of Monthly Accounts and irregularities thereof	0.401	0.401	-
3.7	Unexplained cumulative credit balance under the object code 87.22-Other Recoveries	1.100	1.100	-
	Total	1.610	1.501	0.109

3.1 NON-RECONCILIATION OF REVENUE COLLECTED, DEPOSITED AND REFLECTED IN THE BANK STATEMENT

The PTA had not carried out monthly reconciliation of revenue collection and deposit into the bank as per the norms¹⁷. Further, the dealing official of the revenue collection section had not communicated the details of monthly collection to the dealing accountant of the CD Account who had considered the credit balance in the bank statement as the total receipts in the Budget and Accounts System (BAS) without verifying its correctness. The lapses had occurred mainly due to absence of regular reconciliation of the revenue collections and deposits besides failure on the part of the supervising officer to ensure proper check and balance in the revenue management. *AIN: 15523; Para: 1; Accountabilities: Direct: Krishna Chhetri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: Observation Not Settled.

A follow up report was sent vide letter no.RAA/OAAG-Pling/MoWHS/Thromde-D21/2022/498 dated 15/12/2022. However, no reponse has been received as of 31 March 2023. As per the latest updates, it was said that the case is said to have been registered with Royal Court of Justice RAA awaits the court verdict.

¹⁷ "Accounting units in all budgetary bodies shall reconcile each of the LC, PLC or any other bank accounts operated by the office on a monthly basis" - Section 1.6.17.2, FAM 2016.

3.3 NON-ADJUSTMENT OF PERSONAL ADVANCES ON TIME - NU.0.080 MILLION

During the year FY 2017-18, the PTA had sanctioned personal advances aggregating to Nu.0.303 million to few officials despite having unsettled balance of earlier advances. The management had not adhered to Section 8.1.6(a) of the FAM 2016 which required that "a personal advance of any kind shall not be sanctioned or paid in case a previous personal advance remains unsettled."

The lapse had occurred due to lack of proper follow-up action by the concerned dealing official and non-regulation of advances as required. *AIN: 15523; Para: 7; Accountabilities: Direct: Jamtsho Dukpa, EID # 9701044; Namgay Phuntsho, EID # 9501013; Gautam Thapa, EID # 9913138; Tshewang Tandin, EID # 200905042; Pema Namgay, EID # 200208083; Ugyen Choden, EID # 200301058; Sonam Choden, EID # 9901167; Sonam Jamtsho, EID # 200603004; Pema Lhendup, EID # 201101251; Loha Bir Gurung, EID # 201109030; Yeshe Wangchuk, EID # 20121102017; Krishna Chhetri, EID # 9709054; Yeshe Dema, EID # 20101100958; Supervisory: Kinzang Nidup, Accounts Assistant, EID # 2107101.*

Status: Observation Partially Settled.

Out of Nu.0.303 million; Nu. 0.223 million was recovered/adjusted leaving a balance of Nu.0.080 million as of 29 February 2024.

As per the latest updates, it was said that the case is said to have been registered with Royal Court of Justice and RAA awaits the court verdict.

3.4 NON-ADJUSTMENT OF PW ADVANCES ON TIME - NU.0.273 MILLION

Section 5.4.2(d) of the FAM 2016 states that, "On the close of a fiscal year, a complete liquidation of all temporary advances in the hands of the individual TAHs shall be made". However, the PTA had not settled outstanding advances of Nu.0.279 million as of date of audit some of which pertained to FY 2016-2017. *AIN: 15523; Para: 8; Accountabilities: Direct: Jamtsho Dukpa, EID# 9701044; Chencho, EID# 201101253; Namgay Phuntsho, EID# 9501013; Gautam Thapa, EID# 9913138; Sonam Tenzin, EID# 200303001; Karma Thinley, EID# 9307042; Krishna Chhetri, EID# 9709054; Supervisory: Kinzang Nidup, Accounts Assistant, EID # 2107101.*

Status: Observation Not Settled.

From the balance amount of Nu.0.273 million, an amount of Nu.0.244 million has been

adjusted/recovered along with 24% penalty leaving a balance amount of Nu. 0.029 million as of 29 February 2024.

As per the latest updates, it was said that the case is said to have been registered with Royal Court of Justice RAA awaits for court verdict.

3.5 NON-RECONCILIATION OF MONTHLY ACCOUNTS AND IRREGULARITIES THEREOF – NU.0.401 MILLION

In contravention to the norms under Chapter 10 of FAM 2016, the monthly accounts of PTA were not closed on a monthly basis. The hard copies of statements and schedules that could be generated from the accounting system (BAS, version 3.0.11) were not printed and maintained. Further, the BRS prepared by the accounts personnel were not supported with documents to substantiate its genuineness, and the BRS from November 2016 to June 2017 were not reconciled. Similarly, the monthly reconciliation statements were not reconciled and updated by the dealing official.

In the absence of monthly reconciliation statement duly validated by the supervising official, the RAA could not authenticate correctness and completeness of the monthly accounts. The lapses had consequently given rise to several misstatements aggregating to Nu.0.401 million in the financial statements. *AIN: 15523; Para: 9.1; Accountabilities: Direct: Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation Settled.*

A response was received vide letter No. PT/IAU-05/2022-2023/03731 dated 03/02/2023. However, the observation remained unresolved.

However, based on the replies furnished explaining the causes for non-reconciliation of the monthly accounts along with the evidence, the observation was considered as settled.

3.7 UNEXPLAINED CUMULATIVE CREDIT BALANCE UNDER THE OBJECT CODE 87.22-OTHER RECOVERIES - NU.1.100 MILLION

The account object code '87.22 - Other Recoveries' in BAS is a ledger for recovery and remittances which generally should be a zero balance ledger at the end of the financial year. However, the ledger had cumulative credit balance of Nu.0.203 million as of 30/06/2017. The dealing accounts personnel had not furnished the supporting documents due to which the RAA could not validate the account balance. Further, the receipt of cheque for Nu.1.100 million from NPPF was recorded twice in the accounting system which had resulted in overstatement of Financial Statements to that extent. *AIN: 15523; Para: 9.2; Accountabilities: Direct: Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation Settled.*

A follow up report was sent vide letter No.RAA/OAAG-Pling/MoWHS/Thromde-D21/2022/498 dated 15/12/2022 but no response has been received as of 31 March 2023.

Based on the replies furnished and the documents reviewed, the balance amount in the suspense account as reflected in the observation has been explained properly. It could be construed that it has mainly happened due to systemic incomplete transactions to show the receipt and remittance as most of the remittance were physically not required as it was deposited in the Revenue account. It was just the systemic correction could be done without having to remit the cash in other account. Based on the justification and clarification provided with the assurance to have comprehensive accounting record hereafter, the para is resolved.

1.3.4.11 SAMDRUPJONGKHAR THROMDE

During the year, the RAA conducted two audits of Samdrupjongkhar Thromde. There were seven observations amounting to Nu.1.767 million of which five observations amounting to Nu.1.675 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.092 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Thromde Administration, one observation amounting to Nu.0.092 million was resolved. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Thromde and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown as narrated below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

There was a case of shortfalls, lapses and deficiencies as indicated below:

1.1 NON-UPDATION OF EXCESS LAND IN MA-THRAM

The Samdrup Jongkhar Thromde Administration had recorded excess land aggregating to 10,229 square feet (sq.ft) in the new Lag-thrams (Land Ownership Certificates) of 11 land owners. The initial land area as per the old lag-thrams of the land owners aggregated to 38,065 sq.ft, whereas the revised land area recorded in their new lag-thrams worked out to 48,294 sq.ft, resulting in the recording of excess land by 10,299 sq.ft. The variations between the initially registered land area and the revised land holding were not updated in the Ma-thram as of the date of audit. *AN: 15293; Para: 6; Accountabilities: Direct: Namgay Wangdi, Asstt. Land record Officer, EID # 200803013; Supervisory: Minjur Dorji, Executive Secretary, EID # 9509038.*

Status: Observation Settled.

As intimated vide letter No. 8/SJT/LSS/NLCS/2020-2021/1199 dated 31/05/2021 the Thromde Administration is waiting for Royal Kasho to affect the changes in the Thram and Lagthrams.

The para was settled vide issue of Follow-Up Report vide No. OAAGSJ(AR-01)Dz-SJONGKHAR/2022-2023/477 of dated 17/5/2023, wherein stated that the excess land was measured during the NCRP survey.

1.3.4.12 THIMPHU THROMDE

During the year, the RAA conducted two audits of Thimphu Thromde. There were 55 observations amounting to Nu.36.514 million of which 30 observations amounting to Nu.24.079 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.12.435 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Thromde Administration, observations amounting to Nu.0.073 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.12.362 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Thromde and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 3.901 million reported to the Parliament in April 2023 remained resolved as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2022 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2023 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	1.202	-	1.202	-
2	Mismanagement	2.699	-	2.699	-
3	Non-compliance to Laws and Rules	-	-	-	-
4	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	3.901	-	3.901	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.1.202 million

There were cases of fraud, corruption and embezzlement amounting to Nu.1.202 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. In Million
1.1	Illegal encroachment on state owned and private registered land by individual land owners	-	-	Unsettled
1.2	Non-accountal and short-accountal of scrutiny, amenity fees and service charges	1.202	-	1.202
	Total	1.202	-	1.202

1.1 ILLEGAL ENCROACHMENT ON STATE OWNED AND PRIVATE REGISTERED LAND BY INDIVIDUAL LAND OWNERS

As per Section 299(e) of Land Act of Bhutan 2007, “any person committing the act of encroachment on a state-owned and private registered land shall be guilty of an offence of petty misdemeanor and shall be liable to be sentenced in accordance with Bhutan Penal Code”.

Out of 30 illegal encroachment within the Thimphu City, the Thimphu Thromde Administration (TTA) had taken appropriate actions against 24 cases pending appropriate actions against remaining six cases. The lapse had occurred due to lack of regular monitoring and reporting by the building inspectors and the Division for initiating timely action. *AIN: 15051; Para: 32; Accountabilities: Direct: Dorji Namgyel, EID # 201101156, Nima Gyelpo, EID # 201001111; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in NC

conference hall Thimphu where Thrompon reported that they tried their best to evacuate the lands illegally occupied, however, they were intimidated by the occupants with weapons and refused to leave the area. It was also shared that when high level officials are involved in such cases, even police hesitate to take action on it. Thromde stated that now they are planning advertise in the media for such illegal encroachment of government lands for evacuation.

The PAC advised Thromde to take police protection while executing such kind of task. It was decided that, Thromde should conduct a re-survey and resolve this issue by 31 December 2021 and report the same to RAA.

However, Thimphu Thromde did not submit any further response to the RAA as of 29 February 2024 as recommended and the issue remained unresolved as of date.

1.2 NON-ACCOUNTAL AND SHORT-ACCOUNTAL OF SCRUTINY, AMENITY FEES AND SERVICE CHARGES - NU.1.202 MILLION

The TTA had non-accountal/short-accountal of scrutiny, amenity fees and services charges amounting to Nu.1.202 million. Out of 104 building applications approved, the Thromde had not accounted fees and charges amounting to Nu.1.115 million in respect of 39 approved applications and deposit of the fees could not be traced in the Consolidated Revenue Collections Statements (CRCS) prepared by the Revenue Section. Further, the Thromde had six cases where the actual fees collected were lesser than the fees liable, which had resulted in short-accountal of fees by Nu.0.087 million. *AIN: 15051; Para: 3; Accountabilities: Direct: Gyeltshen, EID # 7703012; Supervisory: Hasta Bahadur Sangpang, EID # 8505063.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the case was forwarded to ACC vide letter No. RAA/AG-SP/16/2020/114 dated 02 June 2020 for investigation and ACC acknowledged as it qualifies for investigation. The PAC directed the Thromde to follow up with ACC for expediting the case.

However, Thimphu Thromde did not submit any further updates to the RAA as of 29 February 2024 as recommended.

2. Mismanagement – Nu.2.699 million

There were cases of mismanagement amounting to Nu.2.699 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. In Million
2.1	Periodic reconciliations of revenue collections and deposits not carried out	-	-	Unsettled
2.2	Improper documentation resulting to mismatch of revenue collections and	0.350	-	0.350
2.3	Non-accountal vis-a-vis deposit of revenue collected from 5% property transfer tax and other associated fees on land conveyance	0.045	-	0.045
2.6	Unauthorized lease of Government land and irregular waive-off of land lease rent and penalty	2.293	-	2.293
2.7	Short-levy and excess-levy of 5% property transfer tax on land conveyance Nu.0.198 million and Nu.0.032 million respectively	0.011	-	0.011

	Total	2.699	-	2.699
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2.1 PERIODIC RECONCILIATIONS OF REVENUE COLLECTIONS AND DEPOSITS NOT CARRIED OUT

Clause 3.2.1 (d) of the Revenue Accounting Manual (RAM) 2004 states that "A Periodic Bank Reconciliation shall be carried out as per prescribed Form No. 3.1.4 laid down in the Revenue Accounting Manual 2004 to ascertain the accuracy of total amount collected with that of deposits made into revenue account". The TTA had computed fines amounting to Nu.5.748 million as per the records of regularisation, which the RAA was not able to trace in the Collections and Deposits Statements maintained by the Thromde. Periodic reconciliations of revenue collections and deposits were also not carried out as required by the RAM 2004. *AIN: 15051; Para: 2; Accountabilities: Direct: Sangay Drakpa, EID # 2001110, Singay Choki, EID # 200301063, Pema Zangley, EID # 200604005, Kezang Jamtsho, EID # 20101100956, Tshering Pelzom, EID # 200307347, Tandin Wangdi, EID # 200301051, Tandin Wangmo, EID # 9901115, Jigme Loday, EID# 201101151, Palden Khandu, EID # 200401005; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that internal auditor and the revenue officer has been coordinating with each other and the work has started to reconcile the accounts. As of now 70% of work has been completed and soon outcome will be intimated. It was decided that Thromde should reconcile all the accounts by 30 Sept. 2021 and report it to RAA.

However, the RAA did not receive any further report as of 29 February 2024 from the Thromde as recommended and the issue remained as it is.

2.2 IMPROPER DOCUMENTATION RESULTING TO MISMATCH OF REVENUE COLLECTIONS AND DEPOSIT OF APPLICATIONS AND ACTIVITY FEES - NU.0.350 MILLION

The TTA was required to collect Nu.1,000.00 per activity besides the application fee of Nu.500.00 for the construction of commercial and residential buildings in urban areas as per Clause 6.10 of the Environmental Assessment Act 2000. The records of collections from construction activities was not properly validated with the sources of revenue in the CRCS during the period July 2015 to December 2016. Out of the receivable revenue of Nu.0.387 million from 258 approved applicants, the source for the collection of Nu.0.169 million could not be traced out, and the revenue collection of Nu.0.181 million from 121 applications was pending as of 31 March 2019. Further, periodic reconciliation to ascertain the accuracy of total amount collected was not carried out as required under Clause 3.2.1 (d) of the RAM 2004. *AIN: 15051; Para: 4; Accountabilities: Direct: Gyeltshen, EID # 7703012; Supervisory: Hasta Bahadur Sangpang, EID # 8505063.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the case has been forwarded to ACC. Accountable person has resigned but has not been given his retirement benefits. The PAC advised the Thromde to reconcile all the accounts by 31 Oct. 2021 and report it to RAA.

However, the RAA did not receive any further report as of 29 February 2024 from the Thromde as recommended and the issue could not be resolved.

2.3 NON-ACCOUNTAL AND NON-DEPOSIT OF REVENUE COLLECTED FROM 5% PROPERTY TRANSFER TAX AND OTHER ASSOCIATED FEES ON LAND CONVEYANCE -0.045

MMILLION

During the period 01/07/2015 to 30/06/2016, the TTA had not accounted/deposited revenue of Nu.2.749 million collected on account of 5% property transfer tax and other associated fees on land conveyance. The RAA could not trace out its deposits made into CD Account. The lapse had occurred due to non-conduct of periodic reconciliation of revenue collections and deposits, and due to non-adherence to the RAM 2004. *AIN: 15051; Para: 37; Accountabilities: Direct: Gyeltshen, EID # 7703012; Supervisory: Hasta Bahadur Sangpang, EID # 8505063.*

Status: Observation Not Settled.

Out of the total amount of Nu.2.749 million; Nu.2.704 million was adjusted based on the verification carried out by the Internal Auditor of Thimphu Thromde on 28/08/2018 that the amount was deposited into the revenue account. Therefore, the outstanding balance stands at Nu.0.045 million which remained unsettled as of 30 Aug. 2021.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the status of the observation remained as reported above. It was decided that Thromde should reconcile the accounts for the remaining amount by 31 Oct. 2021 and report to RAA.

However, the RAA did not receive any further report as of 29 February 2024 from the Thromde as recommended and the issue remained as it is.

2.6 UNAUTHORIZED LEASE OF GOVERNMENT LAND AND IRREGULAR WAIVE-OFF OF LAND LEASE RENT NU.1.246 MILLION AND PENALTY THEREOF NU.1.047 MILLION

The TTA on 11/04/2011 had leased out 10,385.00 sq. ft. land to M/s Greener Way at a service recovery charge of Nu.10,000.00 per month for operation and maintenance of PET bottle crushing plant for one year subject to renewal based on satisfactory performance of the entity. The TTA had waived off lease rent and penalty aggregating to Nu.2.293 million for the periods starting 2011-12 to 2016-17, for which the Thromde did not have financial powers under FRR thus leading to irregular waiver. *AIN: 15051; Para: 38; Accountabilities: Direct: Kinlay Dorjee, EID # 9907556; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where Thromde reported that since the land was not registered under Thromde, they couldn't collect the lease amount. However, the land is under the Thromde's vicinity and thromde has the right to utilize the same. It was decided that, RAA and Thromde should convene a bilateral meeting to resolve the issue.

However, the status of the observation remained the same as of 29 February 2024.

2.7 SHORT-LEVY AND EXCESS-LEVY OF 5% PROPERTY TRANSFER TAX ON LAND CONVEYANCE NU.0.198 MILLION AND NU.0.032 MILLION RESPECTIVELY

In accordance with Section 108 of Thromde Act of Bhutan 2007, the transferor/transferee was liable to pay property transfer tax on sale value of land/building as per the sale deed between the transferor and transferee or on sale value ascertained by way of valuation in case of building and property as per PAVA rate whichever is higher. However, the TTA, besides waiving-off 5% Property Transfer Tax (PTT), had short-levied it by Nu.0.198 million for some clients. On the contrary, there were instances of excess levy of 5% PTT amounting to Nu.0.032 million leading to inconsistent application of PTT. *AIN: 15051; Para: 41; Accountabilities: Direct: Dorji Namgyel, EID # 201101156, Nima Gyelpo, EID # 201001111; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation Not Settled.

Nu.0.011 against Tshering Dema needed be recovered and deposited into audit recoveries account which remained undeposited as of 30 Aug. 2021. However, Nu.0.198 million was considered for settlement as per recommendation of the audit report since the tax was waived off by the DRC and excess levy of 5% property transfer tax on land conveyance has been dropped.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thomde reported that they have been following up with Tshering Dema for the recovery of the balance amount. It was stated that Thomde has the possession of the Lag Thram of Tshering Dema's land and will return it only after the recovery of the amount from her. Thomde assured that they will further follow up with her to recover the amount. The PAC directed the Thomdey to recover the amount by 30 Sept. 2021 and intimate to the RAA.

However, the amount remained unrecovered as of 29 February 2024.

3. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
3.1	Absence of application of Turn Around Time (TAT) for processing of the building applications as per limit prescribed in Standard Operating	-	-	Unsettled
3.4	The minimum required plots sizes for various constructions not maintained as per standards vis-a-vis nonregularisation resulting in non-levy of applicable fines/penalties	-	-	Unsettled
3.5	Inconsistent application of government orders on allotment of Government Land on lease to Private individuals and Non-Government Organization	-	-	Unsettled
Total		-	-	-

3.1 ABSENCE IN APPLICATION OF TURN-AROUND-TIME (TAT) FOR PROCESSING BUILDING APPLICATIONS AS PER THE LIMIT PRESCRIBED IN STANDARD OPERATING PROCEDURE

As per Clauses 5.1.3 & 5.3.2 of Standard Operating Procedure (SoP) the maximum turn-around- time (TAT) for processing and approvals of building applications was set at 37 days. However, the TTA had not adhered to the time limit prescribed in the SoP. Out of 1,159 applications approved during the last eight years (01.01.2009 to 31.12.2016), only 131 applications (representing 11.30%) were processed within the standard TAT and the remaining 1,028 applications (88.70%) were delayed substantially. The time taken for the approval ranged from minimum of 2 days to maximum 1,871 days indicating abnormal deviations from the standard TAT. The lapses had occurred due to lack of system for checking and monitoring the TAT and fixing accountability for the failure. *AIN: 15051; Para: 11; Accountabilities: Direct: Karma Jamtsho, EID # 9607012, Jigme Loday, EID # 201101151, Robin Rimal, EID # 20140103257, Sonam Wangchuk, EID # 20150105138, Sonam Tshering, EID # 20160106493, Kezang Choden, EID # 20160106504; Supervisory: Palden Khandu, EID # 200401005.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thomde reported that the lapses occurred due to manual record keeping system wherein keeping record of work/activity was difficult unlike in electronic record keeping. Thomde has developed now a system to resolve this kind of issues. It was decided that, Thomde should submit a report to RAA on the system developed for review and appropriate decision.

However, the RAA did not received any further report from the Thomde as of 29 February 2024 as

recommended and the issue remained as it is.

3.4 THE MINIMUM REQUIRED PLOT SIZES FOR VARIOUS CONSTRUCTIONS NOT MAINTAINED AS PER STANDARDS VIS-A-VIS NON-REGULARISATION RESULTING IN NON-LEVY OF APPLICABLE FINES/PENALTIES

The TTA had approved building constructions of few applicants whose net plot areas were not as per the minimum required plot sizes specified in Table 3.0.2 of the DCR 2004. Further, since the deviations were not regularized, the Thromde Administration had not been able to levy fines liable as per Clause 2.8.7 of the DCR 2004. There was no system of reviewing the plot areas during the laying of building foundations and assessing the net plot areas after the land pooling, in order to curb such lapse. Further, there was no coordination amongst responsible divisions to detect and control such deviations, and the building owners lacked awareness on such requirements. *AIN: 15051; Para: 26; Accountabilities: Direct: Sangay Drakpa, EID # 2001110, Singay Choki, EID # 200301063, Pema Zangley, EID # 200604005, Kezang Jamtsho, EID # 20101100956, Tshering Pelzom, EID # 200307347, Tandin Wangdi, EID # 200301051, Tandin Wangmo, EID # 9901115; Supervisory: Jigme Dorji, EID # 200201095.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the management has failed to submit the report as directed by RAA due to absence of accountable person in the office. However, the constructions were made as per the rules and regulations prescribed. So, Thromde will submit their report on the same to RAA. It was decided that Thromde should submit a report to RAA for review and appropriate decision.

However, the Thimphu Thromde had not carried out similar exercises for rest of the buildings within Thimphu Thromde to confirm that the utilizations of buildings plots sizes are as per approved standard.

3.5 INCONSISTENT APPLICATION OF GOVERNMENT ORDERS ON ALLOTMENT OF GOVERNMENT LAND ON LEASE TO PRIVATE INDIVIDUALS AND NON-GOVERNMENT ORGANIZATIONS

As per directives of MoWHS on allotment on Government land on lease vide letter no. MoWHS/DHS/2/62011-2012/228 dated 08/10/2012, the Thromde was required to refrain from allotting Government land to private individuals and NGOs even on lease within the Thromde area.

However, the Thimphu Thromde without adhering to the directives of the Ministry had allotted 49,276.00 sq.ft. of Government land on lease to six clients (five individuals & one NGO) with lease terms ranging from 9 to 30 years. Non-application of Government orders uniformly to all the citizens had resulted in rendering undue favors to few individuals and an entity. *AIN: 15051; Para: 44; Accountabilities: Direct: Dorji Namgyel, EID # 201101156, Nima Gyelpo, EID # 201001111; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the land was leased prior to the issuance of MoWHS's circular. It was stated that the 36th Thromde Committee meeting decided to let continue the lease of land until the expiry of the lease period and directed Thromde to refrain from further leasing of land in contravention to the MoWHS's directives. The decision passed by the committee was reported to be communicated to RAA seeking for their advice and comments on the same. The RAA reported that, they have not received the expiry terms of the land leased. The PAC directed that Thromde should submit a report to RAA by 31 Oct. 2021 and have bilateral discussion.

However, although the 36th Thromde Land Committee meeting decided to retain the leased plots to the individuals until the expiry of lease agreement; in the case of land leased for greener way, no action had been initiated as of 29 February 2024.

4. Shortfalls, Lapses and Deficiencies

There were cases of shortfalls, lapses and deficiencies as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
4.1	Absence of adequate documentations on levy of betterment charges and irregularities thereof	-	-	Unsettled
4.3	Excess payment in the construction of Changangkha MSS (Package I)	-	-	-
	Total	-	-	-

4.1 ABSENCE OF ADEQUATE DOCUMENTATIONS ON LEVY OF BETTERMENT CHARGES AND IRREGULARITIES THEREOF

Clause 3.4 of DCR 2004 states "Betterment Charges would be collected for areas within the local area planning under land pooling but where physical pooling is not feasible totally. These charges would be applicable for areas within LAP which are partially pooled and the betterment charges shall be charged based on the remainder percentage of pooling. The rate considered for calculating betterment charges would be as per Land Compensation Rate, 1996." However, the TTA had not collected any betterment charges as of date of audit (June 2017) nor obtained any clearance in support of such waiver. The lapse had occurred due to lack of proper system to check the payment of such charges before approving applications and lack of coordination amongst the functional divisions. *AIN: 15051; Para: 18; Accountabilities: Direct: Kinlay Dorjee, EID # 9907556; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the matter has been discussed with the Chief Planning Officer and is working on resolving this issue. Thromde requested for time extension till the year end to resolve this issue. The PAC directed the Thormdey to resolve the issue by 31 Dec. 2021 and intimate to the RAA.

However, the issue remained unresolved as the Thimphu Thromde had not conducted a detailed study on levy of betterment charges for the completed buildings as of 29 February 2024.

4.3 EXCESS PAYMENT IN THE CONSTRUCTION OF CHANGANGKHA MSS (PACKAGE - I) - NU.0.187 MILLION

The TTA had made an excess payment of Nu.0.187 million to M/s Chukha Construction Pvt. Ltd. in the construction of Changangkha MSS. The lapse had occurred apparently due to failure of the site engineer to exercise necessary checks and ensure the admissibility of contractor's claims prior to making the final payment. *AIN: 15141; Para: 1; Accountabilities: Direct: Tshering Dorji, AE, EID # 20140103519; Supervisory: Jigme Dorji, Chief Engineer, EID # 200201095.*

Status: Observation Not Settled.

Although the principal amount of Nu. 187,156.67 was deposited vide receipt No.03043 dated 18/05/2021 by M/s Chukha Construction, the accrued penalty of Nu.128, 230.52 remained unsettled as of 29 February 2024.

1.3.5 CORPORATIONS

1.3.5.1 ARMY WELFARE PROJECT

During the year, the RAA conducted two audits of Army Welfare Project. There were two observations amounting to Nu.10.050 million which were not resolved prior to the compilation of the draft AAR. The significant irregularities reported in the draft AAR 2018 amounted to Nu.10.050 million. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.10.050 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the AWP and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu. 0.912 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.912	-	0.912	-
	Total	0.912	-	0.912	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.912 million

There were cases of shortfalls, lapses and deficiencies amounting to Nu.0.912 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
1.1	Pending settlements of old outstanding (sundry debtors)	0.764	-	0.764
1.2	Pending settlements of sundry debtors	0.148	-	0.148
	Total	0.912	-	0.912

1.1 PENDING SETTLEMENTS OF OLD OUTSTANDING (SUNDRY DEBTORS) - NU.0.764 MILLION

The Army Welfare Project, Phuentsholing, as of 31/12/2017 had outstanding sundry debtors amounting to Nu.6.780 million out of which the management had realized Nu.4.248 million leaving balance of Nu.2.532 million unsettled as of date of audit. Out of the total unsettled balance, Nu.1.840 million was against Mr. Lobzang Tshering and Nu.0.692 was the dues of Phuentsholing Bonded Ware House. *AIN: 15332; Para: 1.1; Accountabilities: Direct: Karma Tobgyel, General Manager (AFD), CID # 11410004866; Supervisory: Rinchen Yoezer, Managing Director, CID # 10102001209.*

Status: Observation Not Settled.

Out of Nu.2.532 million; Nu.1.768 million adjusted leaving a balance of Nu.0.764 million as of 30 Sept. 2021.

A Follow up report was sent vide letter No. OAAG-P/ling(FUCD-1)2022/400 dated. 13/12/2022 and RAA/OAAG-Pling/AWP-C7/2023/164 dated: 30.3.2023 but no response. The unsettled balance of Nu.0.764 million reported earlier still remained unsettled as of 29 February 2024.

1.2 PENDING SETTLEMENTS OF SUNDRY DEBTORS - NU.0.642 MILLION

As of 31/12/2017, the Army Welfare Project, Samtse had outstanding sundry debtors amounting to Nu.7.518 million on sale of cardboard boxes. Accumulation of huge outstanding revenues was mainly due to non-monitoring of the Sundry Debtors on a periodic basis as required by the AWP's Financial Accounting Manual. *AIN: 15340; Para: 1.1; Accountabilities: Direct: Thinley Zangmo, Sr. Account Asst., CID # 11510001238, Tshering Choden, Manager, CID # 10808001706, Supervisory: Kuenzang Tshering, Sr. Manager (CBBU), CID # 10811002088.*

Status: *Observation Not Settled.*

Out of the total outstanding of Nu.7.518 million an amount of Nu.7.370 million was adjusted leaving a balance of Nu.0.148 million. The balance of Nu.0.148 million reported in April 2023 remained unsettled as of 29 February 2024.

1.3.5.3 BHUTAN AGRO INDUSTRIES LIMITED

During the year, the RAA conducted one audit of Bhutan Agro Industries Ltd. There were three observations amounting to Nu.2.564 million of which two observations amounting to Nu.0.064 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.2.500 million.

The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.2.500 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the BAIL and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularities of Nu. 2.500 million reported to the Parliament in April 2023 remained unresolved as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	2.500	-	2.500	-
	Total	2.500	-	2.500	

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.2.500 million

There was a case of fraud, corruption and embezzlement amounting to Nu.2.500 million as indicated below:

1.1 MANIPULATION AND TAMPERING OF STORE RECORDS AND GOODS ISSUE NOTE RESULTING IN OVERALL STOCK SHORTAGE OF NU.2.500 MILLION

Bhutan Agro Industries had shortage of stock worth Nu.2.500 million due to misappropriation of stock of finished products through manipulation of system by the Store personnel, collusion between the

Store Officer and Sales staff, and also due to lack of monitoring by the supervisors. The manipulation and tampering of records was executed through:

- i) repeated entry of same Good Issue Note (GIN) in the system;
- ii) recording items in the system without raising cash memo and invoice;
- iii) non-recording of items and its quantities that are issued as per GIN; and
- iv) non-recording of items issued in the system but had the cash memos/invoices raised.

The case had been forwarded to ACC for investigation. *AIN: 15091; Para: 2; Accountabilities: Direct: Tshering Thinley, CID # 11505002019; Supervisory: Leeladhar Pokhrel, GM (Marketing), CID # 21811000397, Ugyen Dorji, GM, Works, CID # 10703002180, Tashi Wangdi, GM, Monggar Plant, CID # 11503001126.*

Status: Observation Not Settled.

The case was forwarded to ACC as per the letter No.BAI/ACC-14/2020/1143 dated 29/10/2020.

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where Bhutan Agro Industries Ltd. reported that the lapses had occurred due to the conventional method of recording wherein all the records were maintained manually. It was stated that no proper records were maintained at that time. After the implementation of ERP system, the record keeping system improved and no audit issue was reflected after that. Further, it was reported that the incident took place in 2014 and the audit report was issued in 2018. By the time this issue was known to the management, the accountable person had already resigned from the job. However, the management followed up with the accountable person and the same was acknowledged in writing by him to report to the office and resolve the issue. The management will again follow up with the accountable person to resolve this issue. In the event if this issue could not be resolved amicably then the matter shall be referred to the court.

As the PAC and RAA will be having a bilateral meeting on 22 Sept. 2021 it was decided that PAC and RAA shall discuss and decided on whom the responsibility to follow up in resolving this issue be imposed.

However, the issue is under ACC investigation and remained status quo as of 29 February 2024.

1.3.5.7 BHUTAN POWER CORPORATION LIMITED

During the year, the RAA conducted nine audits of Bhutan Power Corporation Limited. There were 13 observations amounting to Nu.1.085 million of which 10 observations amounting to Nu.0.987 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.098 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the corporation, two observations amounting to Nu.0.098 million were resolved. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the BPC and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularity reported to the Parliament in April 2023 remained unresolved as of 29 February 2024 as narrated below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023(Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Non-compliance to Laws and Rules

1.1 IRREGULARITIES NOTED IN THE APPROVAL OF CONTRACT TIME EXTENSION

The Electricity Services Division, Bhutan Power Corporation Limited, Thimphu had approved time extension appealed six months after the work was handed-over by the contractor and released the liquidated damages of Nu.1.855 million deducted earlier. The approval of the time extension and consequent release of LD was in violation to Clause 3 (III) of the Contract Document which required that “...the contractor must give notice of any event causing a delay within 21 days of such occurrence and the Employer must within reasonable time decide on the extended date of completion.” The case is sub-judice. *AIN: 15090; Para: 2; Accountabilities: Direct: Krishna Humagai, SE, RCO Wangdue, CID # 11208000562, Passang, Engineer, ESD Thimphu, CID # 10207001172; Supervisory: Sandeep Rai, GM, DCSD, CID # 11212002065.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Legal officer of BPC reported that legal action was taken against the contractor to recover the amount and the Court directed the accountable person to pay the amount within six months. Upon following up with the contractor, it was stated that his entertainment Centre (Thimphu Club) has been closed for a long time due to COVID-19 situation and he has no source of income as of now. The contractor through a written undertaking promised to repay the amount soon after his entertainment Centre is operational. Accordingly, time extension was given to the contractor.

It was decided that BPC should follow up with the contractor to recover the amount under intimation to the RAA.

Now as per the letter No. BPC/LEGAL OFFICE/2021/43 dated 11/2/2021 the case has been reported subjudice in the High Court. As of date, the case has been pending for enforcement of judgement by the the High Court.

1.3.5.8 CONSTRUCTION DEVELOPMENT CORPORATION LIMITED

During the year, the RAA conducted two audits of Construction Development Corporation Limited. There were three observations amounting to Nu.12.393 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.12.393 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the corporation, two observations amounting to Nu.12.211 million were resolved. The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.0.181 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the CDB and review status of the irregularities as of 31 March 2023 was

submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularities of Nu. 0.181 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.181	0.181	-	100
	Total	0.181	0.181	-	

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.181 million

1.1 OUTSTANDING SUNDRY DEBTORS - NU.0.181 MILLION

The Construction Development Corporation Limited (CDCL), Gelephu had huge outstanding balance amounting to Nu.1.872 million as of 30/04/2018 on account of machinery hired to various agencies. The lapses had occurred due to laxity in adhering to the terms and conditions of hiring machinery which required “the user to pay 100% hire charges in advance for the specified period of requirement before the release of machines, equipment and vehicles for work”. As of 31 March 2019, outstanding amount of Nu.1.691 million had been resolved leaving balance of Nu.0.181 million. *AIN: 15453; Para: 1; Accountabilities: Direct: Chencho Tshering, Assistant Manager, EID # CDCL8804001, Supervisory: Bobi Maya Thapa, Regional Manager, EID # CDCL1105011.*

Status: Observation Settled.

The observation was settled as the amount of Nu. 181,482.00 was recovered and deposited into CDCL Account. Follow up Report No. RAA/OAAG(T)FUS-01/2019-2020/53 dated 08/08/2019 was issued.

1.3.5.15 NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

During the year, the RAA conducted two audits of Natural Resources Dev. Corporation Limited. There was one observation amounting to Nu.1.632 million which was not resolved before the compilation of the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.1.632 million.

The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.1.632 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the NRDCL and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 0.557 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Mismanagement	0.557	-	0.557	-
	Total	0.557	-	0.557	

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Mismanagement – Nu.0.557 million

There was a case of mismanagement as indicated below:

1.1 OUTSTANDING DEBTORS - NU.1.632 MILLION

As of 31/12/2017, the Natural Resources Development Corporation Limited, Monggar had outstanding debtors of Nu.1.632 million against 14 parties. The non-realization of huge sundry debtors was due to non-compliance with the provisions envisaged in the Company's policies and guidelines, besides an inadequate monitoring system.

The management reported of having forwarded two cases to the District Court for follow-up as under.

1. Indo Construction - Nu.0.274 million
2. Jigme, Sharangtse, F/wood - Nu.0.143 million

AIN: 15615; Para: 1; Accountabilities: Direct: Namgyal, AFO, EID # 1880102; Tshering Penjor, Manager, MPU, EID # 3440610; Supervisory: Tandin Wangchuk, EID # 2211202.

Status: Observation Not Settled.

Out of Nu.1.632 million, a sum of Nu.1.075 million was settled leaving the balance amount of Nu.0.557 million as of 30 Sept 2021.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in the NA conference hall, Thimphu where NRDCL reported that most of the amount had been recovered and the balance amount of Nu. 6,000/- was to be recovered from one individual. Since the accountable person has acknowledged to pay, it will soon be recovered.

It was decided that NRDCL should submit the details of recoveries made to RAA for update and recover the balance amount by 30 Sept 2021.

However, the balance amount of Nu.0.557 million reported as of 31 March 2023 remained unsettled as of 31 March 2023.

1.3.5.16 STATE TRADING CORPORATION OF BHUTAN

During the year, the RAA conducted one audit of the State Trading Corporation of Bhutan. There were four observations amounting to Nu.54.350 million of which two observations amounting to Nu.5.231 million were either resolved before the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.49.119 million.

The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.49.119 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the STCB and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities

of Nu. 0.072 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
1	Non-Compliance to Laws and rules	0.072	-	0.072	-
	Total	0.072	-	0.072	-

The details of unsettled irregularities reported to the Parliament in April 2023, irregularity settled thereafter and balance as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.072 million

1.1 UNCASHED CHEQUES AMOUNTING TO NU.0.0.325 MILLION

The State Trading Corporation of Bhutan (STCB) had uncashed cheques amounting to Nu.0.325 million lying unsettled and were not found revalidated as of date of audit (11/2017). The uncashed cheques pertained to the years 2014 to 2016. Accumulation of unencashed cheques had occurred due to non-compliance to Clause 5.2.14²⁵, Chapter V of the Financial Manual 2011. *AIN: 15048; Para: 4; Accountabilities: Direct: Sonam Palden, Manager (Finance), CID # 10706002399; Supervisory: Menuka Chhetri, Chief Finance Officer, CID # 21214000101.*

Status: Observation Not Settled.

Out of Nu.0.325 million; Nu.0.253 million had been adjusted vide letter No.STCB/IAU/RAA/(IA-74)/2019/56 dated 13/12/2019 leaving a balance of Nu.0.072 million. It remained unsettled as of 8 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in the NA conference hall, Thimphu where the Finance officer of STCBL reported that the board meeting decided to write off the issue and the same was communicated to RAA accordingly. RAA on the other hand requested for bilateral meeting to be conducted between STCBL & RAA to resolve this issue.

It was decided that, RAA & STCBL should conduct a bilateral meeting by 30 Sept. 2021 and submit a report to PAC. However, the balance unsettled amount of Nu.0.072 million reported as of 8 Sept. 2021 remained unresolved as of 29 February 2024.

²⁵"A cheque issued against an account shall remain valid for six months. Such a cheque may be revalidated or replaced by issue of a fresh cheque". - Clause 5.2.14, Chapter V of the Financial Manual 2011.

2. Shortfalls, Lapses and Deficiencies

1.3.5.17 TANGSIBJI HYDRO ENERGY LIMITED, TRONGSA

During the year, the RAA conducted one audit of Tangsibji Hydro Energy Limited. There were four observations amounting to Nu.1.413 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.413 million.

The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.413 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted

several follow-up with the management and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularities reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as narrated below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	-	-	-	-
3	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules

1.1 AWARD OF WORK BY RELAXING THE BID CONDITIONS

The THyE had awarded a contract package (MP-1: Civil and Hydro-Mechanical works of Nikachhu Hydropower Project) amounting to Nu.4,288.930 million and €3.827 million to M/s HCCL, India by relaxing the bid conditions. Against the Eligibility and Qualification Criteria (EQC), sub-clause 2.6.1 of the bidding document which required bidders to demonstrate availability of specified equipment, and subsequent sub-clauses required proof of availability for deployment, the THyE reported that most of the equipment of M/s HCCL had exceeded the minimum age specified for each equipment. However, without considering the eligibility clause, the contract was awarded to M/s HCCL on the condition that the contractor provide additional equipment.

Further, the additional performance guarantee required to be submitted by contractor due to abnormally lower rates quoted especially in the critical excavation activities was waived-off by the Board. Besides, the past record of the firm (*failure of the HRT gravel trap section and the restriction in the TRT that restricts the generation of 100/108 MW in the 126 MW Dagachhu Hydropower Project*) was not considered, and overall interest of the project was not seen to be protected.

Thus, the award of work without fulfilling the predetermined criteria and relaxing the requirement was not seen proper. *AIN: 15489; Para: 1.1; Accountabilities: Direct: Yeshe Wangchuk, Head, Headwork Division, EID # 5153; Tshering Zangpo, Head, HRT Division, EID # 5004; Sanga Jamtsho, Head, Power House Division, EID # 5041; Namgay Wangchuk, Head, QCD, EID # 5024; Supervisory: Karma Chhophel, Managing Director, EID # 5045; Sujan Rai, Dy. Managing Director, EID # 5056.*

Status: Observation Not Settled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in DYT hall of Traonsa Dzongkhag where the management reported that out of seven eligibility criteria only one was not fulfilled which was the 7th criteria, i.e., age limit of machineries. It was also reported that, nowhere in the tender contract is mentioned that the contract will be rejected if the age limit of the machineries is not fulfilled. It was shared that the delay caused was not due to old equipment but due to unfavorable weather conditions and blockages of access road to the construction site.

Acknowledging the expression made by the management the RAA informed the house that this issue shall be discussed in the Follow-up Committee of the RAA and the decision conveyed accordingly. It was decided that, Tangsibji Hydro Energy Limited, Trongsa shall submit a report on the same to RAA by 31 August 2021 and RAA shall update the same to PAC by 30 Sept. 2021.

A Follow up Report was served vide RAA-BT/Fus-03/2023/126 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024.

2. Shortfall, Lapses and Deficiencies

2.1 SUBSTANTIAL DELAYS IN MP-1 CONTRACT PACKAGE LEADING TO HUGE REVENUE LOSS AND ASSOCIATED COSTS

There was substantial delays in contract package 'MP-1: Civil and Hydro-Mechanical works of Nikachhu Hydropower Project' mainly due to contractor's poor performance with resultant financial implication of Nu.5,698.220 million. The causes for the delays, as reported to the THyE Board, were delay in commencement of works at all fronts by M/s HCCL, monsoon damages to the access roads which hampered the works, frequent breakdown of old equipment deployed by M/s HCCL and non-availability of spares for maintenance. As a consequence of the delays, substantial slippage of time had taken place with resultant revenue loss on account of generation and other associated costs amounting to Nu.5,698.22 million as worked out by the THyE management. *AIN: 15489; Para: 2.1; Accountabilities: Direct: Karma Chhophel, Managing Director, EID # 5024; Sujan Rai, Dy. Managing Director, EID # 5056; Supervisory: Karma Chhophel, Managing Director, EID # 5024; Sujan Rai, Dy. Managing Director, EID # 5056.*

Status: *Observation Not Settled.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in DYT hall of Traonsa Dzongkhag where the management reported that the delay of the work was mainly attributed due to heavy water seepage while digging tunnel and other unexpected circumstances. However, the management identified 17 different strategies to expedite the completion process including engagement of Construction Development Corporation Limited in the project.

While noting the submission of the management the RAA requested the management to submit the documents on the same so that RAA can review it in the Follow-up Committee of the RAA for appropriate decision. PAC advised the management to submit all related documents concerning the issue to RAA by 31 Aug. 2021.

A Follow up Report was served vide RAA-BT/Fus-03/2023/126 dated 20/11/2023. However, the observation remained unresolved as of 29 February 2024.

1.3.7 NON-GOVERNMENTAL ORGANISATIONS

1.3.7.3 DRUK ODIYANA FOUNDATION

During the year, the RAA conducted one audit of Druk Odiyana Foundation. There were six observations amounting to Nu.19.603 million of which two observations amounting to Nu.6.723 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.12.880 million.

The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.12.880 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Foundation and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 9.430 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
1	Mismanagement	9.430	-	9.430	-
	Total	9.430	-	9.430	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Mismanagement – Nu.9.430 million

1.1 IRREGULAR LENDING OF ODIYANA FUNDS TO PRIVATE INDIVIDUALS -NU.9.430 MILLION

The Druk Odiyana Foundation had lent amount of Nu.12.430 million to private individuals out of which Nu.3.000 million was deposited into the Foundation's account, leaving balance of Nu.9.430 million as of 31 March 2019. The lending of funds of the Foundation to individuals was irregular and not within the scope of activities of the Foundation. *AIN: 15314; Para: 2; Accountabilities: Direct: Tshewang Penjor, Finance Officer, CID # 11407000895; Supervisory: Khenpo Gyeltshen, Drawing & Disbursing Officer/Treasurer, CID # 10607002107.*

Status: Observation Not Settled.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where Druk Odiyana Foundation reported that a case was filed in the court of law for the recovery of the amount and the court directed the accountable person to repay the amount within six months but the accountable person expired before the amount could be recovered. The management then followed up with the family of the deceased but couldn't recover the amount since the family member refused to accept the accountability for the same and a case is ongoing between the members of the deceased family regarding the inheritance rights and obligations. Further, upon enquiring it was found that the mortgaged property of 16000 sq. ft. of land at Kawajangsa was already mortgaged with the bank and the recovery of the amount from the mortgaged property is possible only from the balance amount after the bank recovers the loan amount by auctioning the land. Most importantly it is to be noted that the amount pertaining to this issue is a private money of the abbot (deceased) who has lent the money.

It was decided that Druk Odiyana Foundation should follow up in resolving this issue at the earliest.

The Foundation had reported that the case is on appeal to the Supreme Court. A Follow-up report was sent vide letter no.RAA/FUCD(F60)DOF/2022/1008 dated 27/06/2022.

According to the response mentioned in letter no. DOF/RGoB/02/2022/09 dated 01/07/2022, the DOF management has conveyed to RAA that the Supreme Court issued a verdict on 30/06/2022, which was expected to be enforced after six months concluding on 30/12/2022. The Follow-up vide letter no.RAA/FLSD(23-NGO)/DOF-60/2023/539 dated 29/09/2023 was served. However, as of date there has been no communication regarding the enforcement of the verdict after the lapse of six-month period. Therefore, the DOF management should provide an update on the status of the case.

1.4. AUDIT REPORT ON JOINT AUDITS OF HYDROPOWER PROJECTS

The RAA had undertaken three Joint Audits of Hydro Power Projects of Punatsangchhu-I Hydroelectric Project Authority, Punatsangchhu-II Hydroelectric Project Authority and Mangdechhu

Hydroelectric Project Authority during 2018. The audits were conducted as per the Standard Operating Procedures signed between the RAA and the Comptroller and Auditor General of India and the Projects Agreement signed between the Royal Government of Bhutan and the Government of India.

The AAR 2018 includes only the unresolved significant audit observations of Punatsangchhu-I Hydroelectric Project Authority, Punatsangchhu-II Hydroelectric Project Authority and Mangdechhu Hydroelectric Project Authority.

1.4.2 PUNATSANGCHHU-I HYDROELECTRIC PROJECT AUTHORITY

During the year, the RAA had issued one audit report of the Punatsangchhu-I Hydroelectric Project Authority. There were 11 observations amounting to Nu.3,830.948 million of one observation amounting to Nu.0.027 million did not qualify for inclusion in the draft AAR 2018. The total unresolved significant irregularities reflected in the Draft AAR 2018 Nu.3,830.921 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the project authority, four observations amounting to Nu.2,824.008 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1,006.913 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Project Management and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 430.768 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as on 31/03/2023(Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	430.768	-	430.768	-
	Total	430.768	-	430.768	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.430.768 million

1.1 AVOIDABLE PAYMENT ON ACCOUNT OF ANALYSED RATE - NU.430.768 MILLION

The PHPA-I had failed to invoke Clauses 51 and 52, provisions/terms of the contract for Package MC-3 with regard to revision of rates for deviation in quantities of items of works by +/- 30% than the quantities provided in the Bill of Quantities. As per the terms of contract, it was also agreed that the payments for deviated items would be continued to be made at the original rate till the revised or analyzed rate is decided.

However, the Project Manager of M/s HCCL had not submitted the rate analysis statement for items of works with deviated quantities and instead had submitted an undertaking letter accepting that, for quantities of items of work in deviation to the BoQ by more than 30% to be paid at BoQ rates with price escalations as per clause 70 of the GCC, and had also agreed to adjust the rates for quantities of items of work in deviation to the BoQ by less than 30% to be adjusted at the time of settlement of final bill. Despite having received the undertaking letter from M/s HCCL, accepting to pay for deviated quantities of items of works at BOQ Rates with Price Adjustment, the rates were found revised and paid at higher rates with a resultant financial implication of Nu.430.768 million. *AIN: 15583; Para:*

A2; Accountabilities: Direct: Shankar Dey, Project Manager, HCCL, WP # 30301017614300; Supervisory: R.P. Sharma, Director (Technical), EID # 1002, WP # 191906277588184.

Status: Observation Not Settled.

The observation was deliberated during the PAC consultative meeting held on 11 Aug. 2021 in the conference hall of PHPA where PHPA-I technically justified for the payment with reference to the recommendations of the Independent External Committee based on the contractual and legal provisions. They stated that there were no legal basis & merit for HCC to provide and withdraw their undertaking as well as for PHPA-I to enforce it.

The RAA expressed that as per the documents and justifications submitted by PHPA-I based on the recommendations of the independent expert committee this issue may be considered for resolving. However, it should be deliberated in the Follow up Committee of RAA for a collective decision before taking any decision on this issue. The PAC advised PHPA-I to submit all the recommendations made by the Independent External Committee to RAA by 31 Aug. 2021 for appropriate action and decision and report to the Authority and PAC accordingly.

The issue was deliberated in the Follow-up Committee Meeting of RAA held on 6 Oct. 2021 and the committee decided that the issue shall be reviewed in the subsequent audit for taking appropriate decision.

The Follow up Reports were issued vide letter No. RAA/FUCD/(I-1)/PHEP-1/2022/2116 dated 17/11/2022 and the Follow up Report issued vide letter No. RAA/FLSD(22-HPP)/PHPA-I/2023/860 dated 09/11/2023.

However, the observation remained unresolved as of 29 February 2024, until the decision is brought to the logical conclusion.

1.4.3 PUNATSANGCHHU-II HYDROELECTRIC PROJECT AUTHORITY

During the year, the RAA had issued one audit report of the Punatsangchhu-11 Hydroelectric Project Authority (PHPA-II). There were 11 observations amounting to Nu.2,735.544 million. The total unresolved significant irregularities reported in the draft AAR 2018 amounted to Nu.2,735.544 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the project authority, four observations amounting to Nu.2,078.525 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.657.019 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Project Management and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu. 606.310 million reported to the Parliament April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to Parliament as of 31/03/2023 (Nu.M)	Amount resolved (Nu.M)	Balance as of 29/02/2024 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	606.310	-	606.310	-
	Total	606.310	-	606.310	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.606.310 million

There were cases of non-compliance to laws and rules amounting to Nu.606.310 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.3	Non-adherence of contract provisions under C-3 package led to extra payment of Nu.310.830 million towards strengthening measures in Power House Complex	310.830	-	310.830
1.4	Incorrect computation of rate analysis for deviated items of work under C2 & C3 packages resulted in excess payment of Nu.295.480 million	295.480	-	295.480
	Total	606.310	-	606.310

1.3 NON-ADHERENCE OF CONTRACT PROVISIONS UNDER C-3 PACKAGE LED TO EXTRA PAYMENT OF NU.310.83 MILLION TOWARDS STRENGTHENING MEASURES IN POWER HOUSE COMPLEX

The PHPA-II had made excess payment of Nu.310.830 million towards strengthening measures in Power House Complex due to non-adherence of contract provisions under C-3 package which included construction of Head Race Tunnel from Surge Shaft end, Surge Shaft, Butterfly Valve Chamber, Pressure Shafts, Power House and Tailrace Tunnel including Hydro-Mechanical works. The non-adherence of the contract provisions both by the Contractor and Project had resulted in the Project incurring extra expenditure to the tune of at least Nu.310.83 million till the date of audit. The issue of rock fall leading to cost and time overrun was pointed out vide Para No. 10 of previous audit report *AIN: 15612; Para: 6; Accountabilities: Direct: R.P. Sharma, Director (Technical), EID: 1002, WPN: 191906277588184; Supervisory: R.P. Sharma, Director (Technical), EID: 1002, WPN: 191906277588184.*

Status: Observation Not Settled.

The observation was deliberated during the PAC consultative meeting held on 11 Aug. 2021 in the conference hall of PHPA where PHPA-II Managing Director explained that this memo was issued after the Down Stream Surge Gallery (DSSG) was collapsed. The collapse was not due to non-adherence to the contract provision but due to complexity of geographical condition which is unpredictable and is limited to human mind to predict the same. Excess payments were made in restoration and strengthening works after the collapse occurred.

The RAA expressed that explanations and justifications presented by the management were noted and merits to be deliberated in the Follow up Committee of the RAA for a collective decision before taking any decision on this issue. The PAC advised PHPA-II to submit detail report to RAA by 31 Aug. 2021 for appropriate decision and report to PAC accordingly.

The issue was deliberated in the Follow-up Committee Meeting of RAA held on 6 Oct. 2021 and the committee decided that the issue shall be reviewed in the subsequent audit for taking appropriate decision.

The observation remained unresolved as of 29 February 2024.

1.4 INCORRECT COMPUTATION OF RATE ANALYSIS FOR DEVIATED ITEMS OF WORK UNDER C2 & C3 PACKAGES RESULTED IN EXCESS PAYMENT OF NU.295.480 MILLION

The PHPA-II had made excess payment of Nu.295.480 million to M/s Gammon India Ltd. for deviated items of work under C2 & C3 packages due to incorrect computation of rate analysis in the construction of Head Race Tunnel (HRT) from ADIT-I and ADIT-II. The calculations of deviated and

extra items were not as per the CWC guidelines. Further, for both C2 & C3 packages there were excess payments amounting to Nu.11.700 million up to 2016-17 due to consideration of PF component at 8.33% instead of 5% while calculating indirect charges in rate analysis.

The issues was pointed out vide para no. 8 under Part-B of the previous audit report but the Authority had not yet re-analyzed the rates and had continued to pay the RA bills at the same rate till last RA bill. Accordingly, the money value of the observation has been modified to the extent of Nu.295.48 million to be recovered from the contractors. *AIN: 15612; Para: 11; Accountabilities: Direct: Abhishek Sinha, EE, EID: 5902, WPN: 191903011598004; Gorab Dorji, EIC (PH), EID: 5883, CID: 10205004391; Supervisory: R.P. Sharma, Director (Technical), EID: 1002, WPN: 191906277588184.*

Status: Observation Not Settled.

The observation was deliberated during the PAC consultative meeting held on 11 Aug. 2021 in the conference hall of PHPA where PHPA-II reported that the computation of rate analysis for deviated items were made in accordance with the contract terms and were for the benefit of the workers. It was also reported that, the management has formed a high-level committee led by Joint Managing Director who shall consult this matter with the Central Water Commission.

The PAC advised PHPA-II to develop their method of rate analysis and submit it to RAA by 31 Aug. 2021 for review and appropriate decision.

The observation remained unresolved as of 29 February 2024.



**REVIEW STATUS REPORT OF
ANNUAL AUDIT REPORT 2019**

(Status as of 29 February 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2019

The Royal Audit Authority had tabled Annual Audit Report 2019 to the 3rd Session of the Third Parliament in July 2020. The Report had total significant unsettled irregularities of Nu.1,795.772 million consisting of Nu.1,051.619 million against budgetary agencies; Nu.363.529 million against Non-Budgetary Agencies and Nu.380.624 million against Hydro Power Projects.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several rounds of follow-up at various levels and out of the total unsettled irregularities of Nu.879.576 million reported to the Parliament in March 2023; irregularities amounting to Nu.315.254 million were settled leaving a balance of Nu.564.322 million as on 29 February 2024 as shown in the Table below.

Table: Showing agency wise irregularities settled and balances as on 29 February 2024.

Sl. No.	Agencies	Unresolved irregularities reported as on 31 March 2023 (Nu.in Million)	Irregularities resolved as of 29 Feb. 2024 (Nu.in Million)	Balance irregularities as on 29 Feb. 2024 (Nu.in Million)	Percentage resolved as on 29 Feb. 2024
1	Ministries	394.283	138.374	255.909	35.10
2	Dzongkhags	171.657	7.786	163.871	4.54
3	Gewogs	22.978	10.550	12.428	45.91
4	Autonomous Agencies	49.022	13.016	36.006	26.55
Total Budgetary Agencies- A (1 to 4)		637.94	169.726	468.214	26.61
5	Corporations	6.961	0.818	6.143	11.75
6	Financial Institutions	89.965	-	89.965	-
7	Non Governmental Organizations	25.770	25.770	-	100
Total Non-Budgetary Agencies - B (5 to7)		122.696	26.588	96.108	21.67
8	Hydropower Projects	118.940	118.94	-	100
Total Hydropower Projects- C (8)		118.940	118.940	-	100
Grand Total (A+B+C)		879.576	315.254	564.322	35.84

As transpired from table above, out of the total unsettled irregularities of Nu.879.576 million reported as of 31 March 2023, irregularities amounting to Nu.169.726 million against the budgetary agencies, Nu.26.588 against the non-budgetary agencies and Nu.118.940 million against the Hydropower Projects were settled leaving a balance of Nu. 564.322 million as on 29 February 2024 consisting of Nu.468.214 against budgetary agencies and Nu.96.108 against the non-budgetary agencies. The detailed review report of the agencies are as highlighted hereunder

PART-II DETAILED REVIEW REPORT

This chapter contains the summaries of unresolved significant audit observations from the audit reports issued during the year 2019. During the year 2019 the RAA reported irregularities amounting to Nu. 3,531.698 million of which audit findings involving Nu.1,735.926 million were either resolved and/or were not material for inclusion in the AAR 2019.

The total unresolved significant irregularities having financial implication of Nu. 1,795.772 million as on 31 March 2020 were reflected in the AAR 2019. The details of agencywise unsettled irregularities reported; irregularities resolved thereafter and the balances as of 29 February 2024 are reflected hereunder.

3. MINISTRIES

3.1.1. MINISTRY OF AGRICULTURE AND FORESTS

During the year 2019, the RAA had issued 48 audit reports of the Ministry of Agriculture and Forests (MoAF). Two reports were issued with '*Qualified*' opinion. There were 69 observations amounting to Nu. 78.314 million of which Nu. 1.906 million were resolved as of 31 January 2020 and Nu. 70.795 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu.2.302 million reported to the Parliament in March 2023; Nu. 0.634 million were settled leaving a balance of Nu. 1.668 million unresolved as on 29 February 2024 as reported below.

Sl. No.	Brief Description	Irregularities reported to the Parliament 31/03/2023 (Nu.M)	Resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
3	Mismanagement	-	-	-	100
4	Non-Compliance to Laws and Rules	2.094	0.634	1.460	30.28
5	Shortfalls, Lapses and Deficiencies	0.208	0	0.208	-
Total:		2.302	0.634	1.668	27.54

The details of unsettled irregularities reported to the Parliament in March 2023 irregularities settled thereafter + and unsettled balances as on 29 Feb. 2024 are as discussed below:

3. MISMANAGEMENT

The cases of mismanagement are as indicated below:

3.1 UNDERUTILIZATION OF PROPERTIES

The cases of underutilization of properties includes:

- b) The Department of Agriculture (DoA) had failed to make use of the Dreychhu irrigation channel in Dagana which was constructed at the cost of Nu. 34.410 million. It was observed that the irrigation channel was strewn with multiple blockages due to landslides at various places and damages to breast and retaining walls. Without timely intervention from Dzongkhag and Gewog administrations, the construction of the irrigation channel was found to be ineffective in delivery of its utility to the community. (AIN: 16400; OB No.: 1; Accountabilities: Direct: *Puran Chhetri, Assistant Engineer, EID No.: 200507227; M/s PST Construction, CDB No.4181; Supervisory: Karma Tshethar, Chief Engineer, EID No.: 9901079*)

Status: *Observation settled.*

The issue was resolved based on receipt of ATR No. DOA/ENG-18/Irri/2022-2023/640 dated 08.05.23 and RAA/FUCD(2-MoAL)/DoA/2023/-133 date 31/07/2023 and follow-up letter issued vide RAA/FUCD(2-MoAL)/DoA/2023/-133 date 31/07/2023.

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 1.460 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.460 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.4	Recoverable excess payment and 20% penalty upon termination of contract	1.317	-	1.317
4.6	Mismatched cheque withdrawal amounts in Cash Book and Bank Statement	-	-	Unsettled
4.7	Excess withdrawal as per bank statement	0.149	0.006	0.143
4.8	Payments/Adjustment made without supporting documents	0.628	0.628	Settled
Total:		2.094	0.634	1.460

4.4. EXCESS PAYMENT AND 20% PENALTY UPON TERMINATION OF CONTRACT - NU. 1.317 MILLION

The DoFPS had failed to recover excess payment and 20% penalty amounting to Nu. 1.317 million on contract termination from M/s Druk Wangi Builders, Thimphu in the

construction of Range Office, Staff Quarter, retaining wall and approach road at Neptengkha, Punakha. As the contractor was unable to complete the works on time, the contract was terminated and works valuation showed an excess payment to the contractor and non-levy of applicable penalty of 20% on the remaining works. (AIN: 15694; OB No.: 1; Accountabilities: Direct: DrukWangi Builders, Thimphu. CDB No.6652; Tshering Wangchuk, Accountant, EID No. 200207191, Supervisory: Sangay Norbu, Sr. FO, EID No.20130101182)

Status: Observation not settled.

The ATR Response received from JDNP, Damji, Gasa vide letter No. JDNP/Acc-06/2021-22/420, dated: 20/12/2021 but it is not tenable. Accordingly, the RAA has issued latest Follow up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310 dated 25.03.2022 to take appropriate action against the contractor and responsible officials involved as per Section 55(21) of the Audit Act of Bhutan 2018.

However, as per the ATR No. MoAF/LD/7/2023-24/05, dated 20/07/2023 received from the JDNP, DoFPS, MoENR, Gasa, any pending audit memo involving the Construction of JDNP Range Office and Staff Quarter at Neptangkha are separately covered under AIN: 15694, Para 1, which is taken up as separate case. The Gasa District Court rendered Judgement No. (Gasa22-189) on 28/12/2022 wherein the Contractor Druk Wangi Builders appealed to the High Court. Subsequently, High Court Bench III rendered Judgement No. (CHETHO-2023/134) on 07/04/2023 upholding the Gasa District Court's Judgement.

The Contractor now had appealed to the Supreme Court of Bhutan for which the RAA had also served 5th Follow-Up Report No. RAA/FUCD/(4-MoENR)/Sect/2023/647, dated 12/10/2023 and awaiting for the Judgement of the Supreme Court,

4.6. MISMATCHED WITHDRAWAL AMOUNTS IN CASH BOOK AND BANK STATEMENT

The JDNP, DoFPS had booked expenses where the amounts in the bank statement and amount recorded in the cash books did not tally for 92 cheques issued during FY 2017-18. 52 numbers of cheques had withdrawn more amount than the recorded amount in cash book and 40 cheques had withdrawn less amount than the recorded amount in cash book with resultant mismatch. (AIN: 15764; OB No.: 5 Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278 Supervisory: Rinzin Dorji, CFO, EID No. 200401059; Namgay, Offtg. CFO, EID No. 9810002)

Status: Observation not settled.

Response received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated 12.11.2021 but it is not tenable. Accordingly, the RAA has issued the latest Follow-up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropriate action against the responsible officials involved as per Section 55(21) of the Audit Act of Bhutan 2018.

Accordingly, the 5th Follow Up Report No. RAA/FUCD/(4-MoENR)/Sect/2023/647 dated 12/10/2023 was served.

4.7. EXCESS WITHDRAWAL AS PER BANK STATEMENT - NU. 0.142 MILLION

The accountant of JDNP, DoFPS had made withdrawal using self-check amounting to Nu. 0.150 million whereas the actual disbursement was only for Nu. 1,000. Therefore, there was an excess withdrawal of Nu. 0.149 million which could not be authenticated by supporting documents. (AIN: 15764; OB No.: 6; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278, Supervisory: Namgay, Offtg. CFO, EID No. 9810002)

Status: *Observation not settled.*

Response received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated 12.11.2021 but it is not tenable. Accordingly, the RAA has issued the latest Follow up Report No. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310 dated 25.03.2022 was to take appropriate action against the responsible officials involved as per Section 55(21) of the Audit Act of Bhutan 2018.

As against to excess withdrawal of Nu. 149,000.00 by Former Accountant of JDNP, Sonam Wangchuk had deposited Nu. 6,550.97 from his post-service benefits into ARA vide RAA's Money Receipt No. 02943 dated 14/09/2023, thereby leaving the recoverable balance amount of Nu. 142,449.03 as of 31 March 2024.

However, with a regard to 24% penalty accumulated as of date, the RAA's Advisory Committee during its 73rd Advisory Committee Meeting held at RAA, HQ dated 18 July 2023 reviewed the case and had considered and dropped accumulated penalty, as the defaulter was terminated from the service. Accordingly, the RAA had issued 5th Follow Up Report No. RAA/FUCD/(4-MoENR)/Sect/2023/647, dated 12/10/2023.

4.8. PAYMENTS/ADJUSTMENTS MADE WITHOUT SUPPORTING DOCUMENTS - NU. 0.628 MILLION

The JDNP, DoFPS had made payment/adjusted for TA/DA and travel claims amounting to Nu. 0.628 million on various forestry activities without any legitimate supporting documents or acknowledgement. (AIN: 15764; OB No.: 9; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278, Supervisory: Rinzin Dorji, CFO, EID No. 200401059; Namgay, Offtg. CFO, EID No. 9810002)

Status: *Observation settled.*

Based on the Gasa District Court's judgement No.(Gasa22.162), dated 29/11/2022 and ATR response vide letter no. MoAF/LD/7/2022-23/05, dated 20/07/2023 and JDNP/Acc-06/2022-23/418 dated 10/04/202 and the observation amount of Nu. 871,413.00 fully deposited into ARA on 14/09/2023 vide RAA's Money Receipt No. 02943 dated

14/09/2023 by Sonam Wangchuk, former accountant, the observation was considered as settled.

As for 24% penalty accumulated as of date, the RAA's Advisory Committee during its 73rd Advisory Committee Meeting held at RAA, HQ dated 18th July 2023 reviewed the case and had considered for dropping the penalty as the defaulter was terminated from the service. Accordingly, the RAA had issued 5th Follow Up Report No. RAA/FUCD/(4-MoENR)/Sect/2023/647, dated 12/10/2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.208 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.208 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Excess Payment in construction	0.053	-	0.053
5.2	Outstanding Advances	0.155	-	0.155
5.4	Missing Vouchers	-	-	Unsettled
	Total:	0.208	-	0.208

5.1. EXCESS PAYMENT IN CONSTRUCTION - NU. 0.053 MILLION

The cases of excess payment in constructions include;

- c) The RPPBC, Lingmethang had made excess payment of Nu. 0.053 million to M/s Tenzin Tsheldrup Construction for the construction of office-cum-conference hall in Lingmethang. The excess payment occurred due to non-deduction of beams and lintels from brickworks of doors and windows. (AIN: 16175; OB No.:1; Accountabilities: Direct: Mr. Lobzang Tshering, Contract Engineer, CID No.: 10504001104; M/s Tenzin Tsheldrup Construction CDB No.: 4062; Supervisory: Mr. Sonam Dendup, Farm Manager, EID No.: 9708012).

Status: Observation not settled.

A follow-up reminder letter was issued vide letter No.RAA/BT/Fus-01/2020/114 dated 30/09/2020, however, no ATR response received as of 29 February 2024.

5.2. OUTSTANDING ADVANCES - NU. 0.155 MILLION

The cases of outstanding advances include:

- b) The JDNP, DoFPS had not adjusted personal and public work advances from various parties and staff amounting to Nu. 0.155 million within the due date of liquidation. (AIN: 15764; OB No.: 3 Accountabilities: Direct: Sonam Wangchuk,

Accountant, EID No. 2008077278 Supervisory: Rinzin Dorji, CFO, EID No. 200401059) Namgay, Offtg. CFO, EID 9810002; Sonam Wangchuk, Accountant, EID No. 200807278)

Status: Observation not settled.

The ATR Response received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated 12.11.2021 but it is not tenable. Accordingly, the RAA has issued latest Follow up Report No. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropriate action against the responsible officials involved as per Section 55(21) of the Audit Act of Bhutan 2018.

The outstanding advances amounting to Nu. 0.155 million remain unsettled as of 29 Feb. 2024. 5th Follow Up Report No. RAA/FUCD/(4-MoENR)/Sect/2023/647 dated 12/10/2023 was served for initiating the recovery of the amount.

5.4. MISSING VOUCHERS

The JDNP, DoFPS had six missing vouchers for expenditures amounting to Nu. 3.110 million. Vouchers for Pay and Allowances and TA/DA payments accounted for maximum of the total expenditures. (AIN: 15764; OB No.: 12; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278; Supervisory: Namgay, Offtg. CFO, EID No. 9810002)

Status: Observation not settled.

Response received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated 12.11.2021 but it is not tenable.

To this the RAA has served the Follow-up reminder letter No. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 and latest Follow up Report No. RAA/FUCD/(4-MoENR)/Sect/2023/647 dated 12/10/2023 for taking appropriate action as per Section 55(21) of the Audit Act of Bhutan 2018 against the officials who are directly involved.

The observation remain unresolved as of 29 February 2024, despite the repeatative follow-up reminders.

3.1.2. MINISTRY OF EDUCATION

During the year 2019, the RAA had issued 17 audit reports of the Ministry of Education (MoE). One report was issued with 'Qualified' opinion. There were 120 observations amounting to Nu. 211.484 million of which Nu. 36.599 million were resolved as of 31 January 2020 and Nu. 165.353 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 1.248 million reported to the Parliament in March 2023 did not get resolved as of 29 Feb. 2024 as reported below.

Sl. No.	Category Description	Irregularities reported to the Parliament in 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
3	Mismanagement	0.704		0.704	
4	Non-Compliance to Laws and Rules	-	-	-	-
5	Shortfalls, Lapses and Deficiencies	0.544		0.544	
	Total:	1.248	-	1.248	-

The details of unsettled irregularities reported to the Parliament in March 2023 which remained unresolved as on 29 Feb. 2024 are as discussed below:

3. MISMANAGEMENT – NU. 0.704 MILLION

The cases of mismanagement involving Nu. 0.704 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Fe 2024 (Nu. in million)
3.2	Non-reconciliation of statutory deductions	0.704	-	0.704
	Total:	0.704	-	0.704

3.2. NON-RECONCILIATION OF STATUTORY DEDUCTIONS - NU. 0.704 MILLION

The Drujeygang CS, DSE had difference of Nu. 0.704 million between the statutory deduction details maintained with the School and the details of remittances to the Regional Revenue and Customs Office. *(AIN: 16440; OB No.: 1.1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398).*

Status: *Observation not settled.*

The latest follow-up reminder was served vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021 as the ATR response was not forthcoming. The observation remains unsettled as of 29 February 2024.

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.3	Un-reconciled fund balance	-	-	Unsettled
	Total:	-	-	

4.3. UNRECONCILED FUND BALANCE

The Dagapela MSS, Dagana had an unreconciled fund balance in their books of accounts amounting to Nu.1.243 million which could not be traced in the bank balance nor in cash. However, the school administration stated that the lapse had occurred due to non-updation of some cash payments on time. *(AIN: 16317; OB No.: 3; Accountabilities: Direct: Tez Bahadur Sunwar, Accountant, EID No. 200607313; Supervisory: Sherab Jigme, Vice Principal, EID No. 20060119)*

Status: *Observation not settled.*

The principal amount of Nu. 1.243 million has been settled based on the Follow-up Report No. RAA/OAAG(T)/FUS-02/2020-2021/249 dated 20/10/2020. However, 24% penal interest of Nu. 52,750.03 stands recoverable as of 29 Feb.2024.

The latest ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.544 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.544 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.3	Non-production of documents	-	-	Unsettled
5.4	Excess payment on procurement	0.544	-	0.544
5.5	Audit Clearance Certificates not obtained	-	-	Unsettled
	Total:	0.544	-	0.544

5.3. NON-PRODUCTION OF DOCUMENTS

The cases of non-production of documents include:

- The Drujeygang CS, Tsirang failed to provide remittance vouchers and acknowledgement receipts for Nu. 11.715 million on account of GIS, Education/Festival/Consumer loans from T-Bank, BDBL and Choethuen Tshogpa,

etc. remitted to various agencies from the monthly Payroll for the FYs 2016-17 and 2017-18. Consequently, the authenticity of the deductions remitted to concerned agencies could not be ascertained and validated. (AIN: 16440; OB No.: 1.4; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

- b) The Drujeygang CS, Dagana failed to produce the remittance vouchers and acknowledgement receipt for statutory deductions amounting to Nu. 1.467 million. Without supporting documents, the authenticity of the statutory deductions remitted to concerned agencies could not be ascertained and validated. (AIN: 16440; OB No.: 1.3; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

- c) The Drujeygang CS, Dagana did not produce the payroll and disbursement vouchers due to which the genuineness of the disbursement could not be established. (AIN: 16440; OB No.: 1.6; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

- d) The Drujeygang CS, Dagana failed to produce its accounting records on the CD account maintained by the school. This was in contravention to the CS operational guidelines 2016 of the MoE. (AIN: 16440; OB No.: 3.1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

- e) The Drujeygang CS, Dagana had not submitted monthly and half-yearly reconciled financial statements to the Dzongkhag, MoE and Department of Public Accounts. This issue was also pointed in prior audits but the school had still failed to comply with requirements. (AIN: 16440; OB No.: 3.2; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

- f) The Drujeygang CS, Dagana did not produce the disbursement vouchers pertaining to procurement of goods and services for FY 2017-18 due to which the authenticity of the same could not be made. (AIN: 16440; OB No.: 4.1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

5.4. EXCESS PAYMENT ON PROCUREMENT - NU. 0.544 MILLION

The cases of excess payment on procurement by Drujeygang CS, Dagana include:

- Payment of Nu. 0.462 million to M/s Gyelwang Enterprise, Thimphu for procurement of aluminium partition wall. The excess payment occurred as the supplier had supplied 4,497.014 sq ft against 5,835.000 sq ft. of aluminium partition.
- Payment of Nu. 0.082 million to M/s Gyelwang Enterprise, Thimphu and M/s Brother Sister Enterprise, Thimphu for procurement of floor carpet. The suppliers had supplied lesser quantity against the payment and order resulting in excess payment.

(AIN: 16440; OB No.: 4.3 and 4.4; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

5.5. AUDIT CLEARANCE CERTIFICATES NOT OBTAINED

The Drukjegang CS, Dagana had not obtained Audit Clearance Certificates for the purpose of promotion and resignation in 2017-18 as required under BCSR. (AIN: 16440; OB No.: 6; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation not settled.

The observation remained un-settled as of 29 Feb. 2024. An ATR reminder was served vide letter No.RAA/OAAG(T)/FUS-02/2022-2023/0347 dated 17 May 2023, however, no response was received.

3.1.3. MINISTRY OF ECONOMIC AFFAIRS

During the year 2019, the RAA had issued 14 audit reports of the Ministry of Economic Affairs (MoEA). One report was issued with 'Qualified' opinion. There were 26 observations amounting to Nu. 32.964 million of which Nu. 28.554 million were resolved as of 31 January 2020.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and the unsettled irregularity reported to the Parliament in March 2023 got resolved as on 29 February 2024 as shown in the report below.

Sl. No.	Brief Description	Irregularities reported to Parliament as of 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb.2024 (Nu.M)	% Resolved
4	Non-Compliance to Laws and Rules	-	-	-	100
	Total:	-		-	-

The details of unsettled irregularities reported to the Parliament in March 2023 which got resolved as on 29 February 2024 is as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.3	Delay in completion of work	-	-	Settled
	Total:	-	-	

4.3. DELAY IN COMPLETION OF WORK

The DoI had not ensured the timely completion of the construction of water supply at Jigmeling Industrial Park, Sarpang. The contract was awarded to M/s Sonam Mebar Construction Pvt. Ltd. for Nu. 34.223 million. Despite a lapse of 10 months from the expected date of completion, the contractor was unable to complete the works and had abandoned the construction works. The case is currently under Arbitration. (AIN: 15860; OB No.: 3.2.2; Accountabilities: Direct: Kushyog Subba, Project Engineer, CID No.: 11204001380 M/s Sonam Mebar Construction, CDB No: 6133; Supervisory: Kezang Deki, Chief Engineer, EID No.: 200401011)

Status: Observation settled.

As per the Department's response ref. No.MoEA/IIDD(Audit)-01/2020/2436 dt. 10/12/2020 M/s. Soenam Mebar Construction Pvt. Ltd. has appealed to the Supreme Court after the High Court's verdict and Arbitral Award issued by the Arbitral Tribunal on 6th April 2020. As per the court verdict the contractor M/s. Sonam Mebar Construction has to restitute a sum of Nu. 8,104,182.40.

The same observation has been reflected under the subsequent audit report AIN.16621.

Therefore, the observation from this report (AIN.15860) has been settled as the same issue has been reflected under AIN.16621 and shall be followed up from that report.

3.1.4. MINISTRY OF FINANCE

During the year 1920, the RAA had issued five audit reports of the Ministry of Finance (MoF). There were 20 audit observations amounting to Nu. 22.271 million of which Nu. 2.399 million were resolved as of 31 January 2020 and Nu. 0.956 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the unsettled irregularities of Nu. 4.656 million reported to the Parliament in March 2023; Nu.0.295 was settled leaving a balance Nu.4.361 million unsettled as on 29 February 2024 as shown in the report below

Sl. No.	Brief Description	Irregularities reported to Parliament as of 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb.2024 (Nu.M)	% Resolved
3	Mismanagement	4.535	0.174	4.361	3.84
5	Shortfalls, Lapses and Deficiencies	0.121	0.121	-	100
	Total:	4.656	0.295	4.361	

The details of unsettled irregularities reported to the Parliament in March 2023 irregularities settled thereafter and unsettled balances as on 29 February 2024 are as discussed below:

3. MISMANAGEMENT – NU. 4.361 MILLION

The cases of mismanagement involving Nu. 4.361 million are as indicated below:

3.1. OUTSTANDING TAXES AND LIABLE PENAL INTEREST - NU. 4.361 MILLION

The cases of outstanding taxes and liable penal interest include:

- a) The Regional Revenue and Customs Office (RRCO), Thimphu showed outstanding taxes and liable penal interest on the tax amounting to Nu. 12.941 million. The taxes amounting to Nu. 7.519 million pertained to Business Income Tax and Corporate Income Tax. Penal interest on tax amounted to Nu. 5.422 million. *(AIN: 15723; OB No.: 2; Accountabilities: Direct: Deki Wangmo, Deputy Collector, EID No. 200701109 Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072)*

Status: *Observation partially settled.*

Out of Nu.12.941 million an amount of Nu. 8.643 million was recovered vide Rt.No. RC491985604739 dated 22/5/2019, & Nu. 109,092.05 vide Rt. No. 952182602088 dated 12/8/2021 recovered from M/s Tagsing Chung Druck Const. Leaving a balance amount of Nu. 4.189 million as on 12/10/2021 (Refer letter No. RRCO/RAAS/TH/Audit Repoet/11/2021/ 920 dated 7/10/2021.

The balance amount of outstanding BIT/CIT as on 21/05/2021 stood at Nu. 4.189 millio as per follow-up conducted by current audit team and the balance amount is yet to be received. The latest Follow-up Report was incorporated with the main report issued vide AIN GGD-2022-498 which was issued on 03/01/2023.

- a) The RRCO, Samdrupjongkhar had outstanding tax amounting to Nu. 0.346 million to be collected. The outstanding amount pertained to Business Income Tax for which 24% penal interest on late deposit was also applicable in addition to the outstanding tax. *(AIN: 15846; OB No.: 1; Accountabilities: Direct: Pema Jamtsho, Dy. Collector, 201001052; Supervisory: Anok Kr. Rai, Regional Director, EID No. 9811014)*

Status: *Obervation partially settlted.*

Nu. 174,290.48 was adjusted based on the RRCO, Samdrupjongkhar's response/ATR letter No. RRCO/SJ/TAX/ADM-02/2018-2019/04 submitted on 01/07/2019 leaving a balance amount of Nu 346,256.04 as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies were as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Outstanding Advances	0.121	0.121	-
	Total	0.121	0.121	-

5.2. OUTSTANDING ADVANCES

The RRCO, Gelephu had outstanding personal advances amounting to Nu. 0.121 million against various employees which had not been adjusted by the end of FY 2017-18. (AIN: 15949; OB No.: 3; Accountabilities: Direct: Ngawang Gyeltshen, Account Asst., EID No. 200207189; Supervisory: *Ugyen Namgyel, Regional Director, EID No. 9101155*)

Status: *Observation settled.*

The observation has been settled vide follow up report No. RAA/OAAG(T)FUS-02/2022-2023/0112 dated 27 October 2023 based on the documents submitted with regard to settlement of the advance.

3.1.6. MINISTRY OF HEALTH

Out of the total unsettled significant irregularities of Nu.7.661 million reported to the Parliament in July 2020, the Ministry had settled irregularities amounting to Nu.7.201 million leaving a balance of Nu.0.460 million as on 30 September 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 1.192 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the report below

Sl. No.	Category Description	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount Resolved (Nu.M)	Balance as on 29/02/2024 (Nu.M)	% Resolved
2	Embezzlement	0.732	-	0.732	-
3	Mismanagement	0.460	-	0.460	-
	Total:	1.192	-	1.192	

The details of unsettled irregularities reported to the Parliament in March 2023 which remain unsettled as on 29 February 2024 are as discussed below:

2. EMBEZZLEMENT

The cases with elements of embezzlement is as indicated below:

2.1. EMBEZZLEMENT OF GOVERNMENT FUND NU.0.732

The accountant of the Secretariat, MoH had embezzled Nu. 0.732 million from government fund. The accountant had made disbursement of stipend to students who had already completed their studies and double payment of stipend and book allowances for some students for few months through cheques. However, the cheques were encashed by forging signature of the students. Although the amount had been recovered, the Ministry is yet to take an appropriate action as per the Law of the Land. (AIN: 15986; OB No.: 1.1; Accountabilities: Direct: Namgay Phuntsho, Account Asst., EID No. 200907187 Supervisory: Rudra Mani Dhimal, Dy. Chief Finance Officer, EID No. 2001022; Damchu Duba, Chief Procurement Officer, EID No. 8103027; Tenzin Pelden, Finance Officer, EID No. 201101058; Tshering Dekar, Finance Officer, EID No. 200901044; Phub Zam, Finance Officer, EID No. 200801132; Cham Thinley, Account Asstt., EID No. 8511035; Chandra Mani Panda, Account Asstt., EID No.200307139)

Status: Observation not settled.

The misused amount of Nu.732,000.00 was recovered and deposited into Audit Recoveries Account during the memo statge. However, no appropriate action as per the Laws of the Land is taken against the responsible officials as of date.

3. MISMANAGEMENT – Nu. 0.460 MILLION

The cases of mismanagement involving Nu. 0.460 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
3.2	Non-realization of Sale proceeds	0.460	-	0.460
	Total:	0.460	-	0.460

3.2. NON-REALIZATION OF SALE PROCEEDS - NU. 0.460 MILLION

The Secretariat, Bhutan Health Trust Fund had not realized sale proceeds amounting to Nu. 0.810 million from four Lottery Agents and Bhutan Development Bank Limited. The proceeds were from the sale of Special Annual 'Move for Health' Lottery in 2017. (AIN: 15829; OB No.:1; Accountabilities: Direct: Sonam Phuntsho, Director, EID No. 9101145; Supervisory: Sonam Phuntsho, Director, EID No. 9101145)

Status: Observation not settled.

An amount of Nu. 0.350 million was adjusted vide Follow-up Report No. RAA/FUCD/(F7)/CD accounts/BHTF/2021/826 dated 20/05/2021 for Bhutan Smart Lottery. Meanwhile, the balance of Nu.0.460 million against Serzang Lottery, Tashigang is under appeal at the Larger Bench of High Court.

3.1.7. MINISTRY OF HOME AND CULTURAL AFFAIRS

During the year 2019, the RAA had issued 18 audit reports of the Ministry of Home and Cultural Affairs (MoHCA). Two reports were issued with ‘*Qualified*’ opinion. There were 85 observations amounting to Nu. 58.015 million of which Nu. 3.794 million were resolved as of 31 January 2020 and Nu. 8.038 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu.33.229 million reported to the Parliament in March 2023 Nu. 14.146 million were settled leaving a balance of Nu.19.083 million unresolved as on 29 February 2024 as reported below.

Cat. Code	Category Description	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	6.992	-	6.992	-
5	Shortfalls, lapses and deficiencies	26.237	14.146	12.091	53.92
Total:		33.229	14.146	19.083	42.57

The details of unsettled irregularities reported to the Parliament in March 2023 irregularities settled thereafter and unsettled balances as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 6.992 MILLION

The cases of non-compliance to laws and rules involving Nu.6.992 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb.2024 (Nu. in million)
4.1	Non-enforcement of contract terms upon termination	6.984	-	6.984
4.3	Irregular retention of Cash	0.008	-	0.008
4.4	Non termination for breach of contract	-		Settled
4.7	Construction of building without obtaining permit	-	-	Unsettled
Total:		6.992	-	6.992

4.1. NON-ENFORCEMENT OF CONTRACT TERMS UPON TERMINATION - NU. 6.984 MILLION

The Royal Bhutan Police (RBP) had not recovered the 20% employer’s additional cost for completing the remaining work valued at Nu. 6.984 million in the construction of integrated academic block at RBP Training Institute, Jigmeling. The RBP had not

enforced terms of contract upon termination of M/s Druk Tsentop Construction, Paro for breach of contract. (AIN: 15981; OB No.: 1.1; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN: 5979, CID No.11505005084; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081 Supervisory: Sonam Wangdi, Chief Engineer, RBP, PIN2004, CID No. 11506001122)

Status: Observation not settled.

The observation remains unsettled as the RAA is yet to receive the Supreme Court's Judgement.

4.3. IRREGULAR RETENTION OF FUND - NU. 0.008 MILLION

The cases of irregular retention of funds include:

- a) The RBP had retained Nu. 2.239 million in the form of demand draft which was in contravention to the FRR 2016. The money was retained to avoid fund lapses since the construction of Integrated Academic Block at RBP Training Institute, Jigmeling could not be completed before the closure of FY 2017-18. (AIN: 15981; OB No.: 1.4; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN 5979, CID No.11505005084; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081 Supervisory: Sonam Wangdi, Chief Engineer, RBP, PIN2004, CID No. 11506001122)

Status: Observation partially settled.

Against the irregular retention of fund amounting to Nu. 2.239 million, the RBP has deposited Nu.2.231 million into ARA vide receipt no. 03137 dated 07.7.2020 leaving a balance amount of Nu. 0.008 million as of 31.03.2022. Accordingly, the RAA has issued Follow-up Report No. RAA/FUCD(Y1-RBP)2021/2432 dated 23/12/2021. The RAA awaits the Supreme Court's Judgement.

4.4. NON-TERMINATION FOR BREACH OF CONTRACT

The RBP had not terminated the contract of M/s KC Construction for fundamental breach of contract in the construction of Officers' Quarters at Phomshing, Trashigang. Although the contractor was supposed to complete works on 31 August 2017, the work was found incomplete at the time of audit in January 2019. (AIN: 15981; OB No.: 2.2; Accountabilities: Direct: Sanga Rigyel, Dy. Executive Engineer, RBP PIN4646, CID No. 11107000670; M/s K C Construction Pvt. Ltd. Thimphu, CDB No. 2146 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN2004, CID No.11506001122)

Status: Observation settled.

A follow-up report was issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dated 23/12/2021. The issue was reported registered with the Arbitral Tribunal.

Subsequently, ATR response was received vide letter No. RBP/HQ/CONS/G-01/2023/1170 dated 14/04/2023 and based on the letter of Arbitral Award the observation was resolved.

4.7. CONSTRUCTION OF BUILDING WITHOUT OBTAINING PERMIT

The RBP had not obtained permit for the construction of Buildings as required under the Development Control Rules and Regulations 2016. The Fire Service Division of RBP, Thimphu had carried out development and construction of buildings in various locations within the Thromde area without obtaining permit. (AIN: 16125; OB No.: 1; Accountabilities: Direct: Sonam Tobgay, Asstt. Engineer, PIN: 6617 Supervisory: Col. Karma Tshering, Superintendent of Police, PIN: 104)

Status: Observation not settled.

The Royal Bhutan Police has submitted user Thram/right certificate but failed to obtain/submit approval from Thimphu Thromde to ensure that the constructed structure is as per Development Control Regulations. Further, the management had failed to submit a technical report and assurance on the stability of the structure as recommended.

Therefore, the observation remains unsettled as of 29 February 2024.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 12.091 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 12.091 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb.2024 (Nu. in million)
5.1	Inadmissible Payment in construction	14.068	7.929	6.139
5.2	Excess Payment	12.169	6.217	5.952
Total:		26.237	14.146	12.090

5.1. INADMISSIBLE PAYMENT IN CONSTRUCTION - NU. 6.139 MILLION

The RBP had made inadmissible payments for various constructions as follows:

- a) Nu. 6.139 million to M/s Druk Tsentop Construction Pvt. Ltd in the construction of RBP training institute at Jigmeling. The contractor had not carried out several BoQ item works at site. (AIN: 15981; OB No.: 1.3; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN5979, CID No. 11505005084; Phurba Dorji, Site Engineer, PIN6150, CID No. 12004000562; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081; Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN2004, CID No.11506001122)

Status: Observation not settled.

The observation remains unsettled as the RAA is yet to receive the Supreme Court's Judgement.

- b) Nu. 7.769 million to M/s K C Construction Pvt. Ltd in the construction of officers' quarters at Phomshing in Trashigang. The payment was made for items of work not executed as per the BoQ at site. (AIN: 15981; OB No.: 2.1; Accountabilities: Direct: Sanga Rigyel, Dy. Executive Engineer, RBP PIN 4646, CID No. 11107000670; M/s K C Construction Pvt. Ltd. Thimphu, CDB No. 2146 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN2004, CID No.11506001122)

Status: Observation settled.

A follow-up report was issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dated: 23/12/2021. The issue was reported registered with the Arbitral Tribunal.

Subsequently, a detailed audit response was furnished vide letter no. RBP/HQ/CONS/G-01/2023/1170 dated 14/04/2023 and based on the letter of Arbitral Award submitted the issue has been resolved.

- c) Nu. 0.160 to M/s Tshering Samdrup Construction Pvt. Ltd in the construction of G+4 storied Officers Quarter (2x10 units), RBP Headquarters, Thimphu. The payment pertained to window and door works which were not executed at site. (AIN: 16396; OB No.: 1.1 Accountabilities: Direct: Tshering Phuntsho, Dy. Executive Engineer, PIN: 6153) M/s Tshering Samdrup Construction Pvt. Ltd, Thimphu CDB No. 1146 and Licence No. 1030275 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN: 2004, CID No. 11506001122)

Status: Observation partially settled.

As the principal amount of Nu.160, 000.00 was deposited into ARA vide receipt No.03139 dated 07/07/2020 leaving the accumulated penalty amount of Nu. 10,204.93. A Follow-up report was issued by RAA vide RAA/FUCD(Y1-RBP)2021/2432 dated 23/12/2021 for the recovery of 24% penalty amounting to Nu.10,204.93. The case was reported registered with the Arbitral Tribunal.

The RBP had not recovered the penalty amount from the contractor yet. Therefore, the RBP should recover the 24% penalty of Nu. 10,204.93 and deposit into ARA at the earliest to resolve the issue.

5.2. EXCESS PAYMENT - NU. 5.952 MILLION

The RBP had made excess payment for various constructions as follows:

- a) Nu. 3.379 million to M/s Tshering Samdrup Construction Pvt. Ltd in the Construction of G+4 storied Officers' Quarter (2x10 units), Royal Bhutan Police Headquarters, Thimphu. The payment had occurred due to difference in the actual work done at site as against bills claimed by the contractor. (AIN: 16396; OB No.: 1.2; Accountabilities: Direct: Tshering Phuntsho, Dy. Executive Engineer PIN: 6153; M/s Tshering Samdrup Construction Pvt. Ltd, Thimphu CDB No. 1146 and Licence No. 1030275 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN: 2004, CID No.11506001122)

Status: Observation partially settled.

The principal amount of Nu. 3.379 million was deposited into ARA vide receipt No.03139 dt. 07/7/2020 leaving the accumulated 24% penalty amount of Nu. 0.216 million as of date. The issue was reported registered with the Arbitral Tribunal. A follow-up report was issued vide RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021 reminding deposit of the 24% penalty amount.

However, RBP has not recovered the penalty amount from the contractor yet. Therefore, the 24% penalty of Nu. 215,545.72 should be recovered and deposited into ARA at the earliest to resolve the issue.

- b) Nu. 8.561 million to M/s Tshering Samdrup Construction Pvt. Ltd in the Construction of G+4 storied Officers' Quarter (2x10 units), RBP Headquarters, Thimphu. The payment on account of Price Adjustment was done without using the appropriate formula resulting in inadmissible payment of Nu. 7.870 million. Further, due to decrease in price index, variation of materials recoverable from the contractor amounted to an additional Nu. 0.691 million. (AIN: 16396; OB No.: 1.4; Accountabilities: Direct: Tshering Phuntsho, Dy. Executive Engineer P No. 6153 M/s Tshering Samdrup Construction Pvt. Ltd, Thimphu CDB No. 1146 and Licence No. 1030275 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN: 2004, CID No. 11506001122)

Status: Observation partially settled.

Out of Nu. 8.561 million, the amount of Nu. 2.610 million has been recovered, leaving a balance of Nu. 5,951,774.67.

Follow-up reminder letters were served repeatedly vide Nos. RAA/FUCD(Y1-RBP)2021/2432 dt. 23/12/2021 and RAA/FUCD(Y-1RBP)2023/214 dt. 08/08/2023, however, no ATR has been received.

- e) Nu. 0.229 million to M/s Uphel Construction Pvt. Ltd in the blacktopping of internal road at the Prison Services Division at Chamgang. The payment occurred due to double inclusion of item of work 'Granular Sub-Base' in the preparation of estimates and BoQ. (AIN: 16387; OB No.: 2.1; Accountabilities: Direct: Sonam Tobgay, Assistant Engineer PIN: 5029; M/s Uphel Construction Pvt. Ltd. CDB no. 5441 and License No. 1026811; Supervisory: Sonam Wangdi, Chief Engineer PIN: 2004)

Status: Observation settled.

Besides the recovery of Nu. 193,459.44 vide receipt no. 429475 dt.05.2.2020 and the balance amount along with 24% penalty amounting to Nu. 286,897.02 was deposited into ARA vide receipt No.03061 dt.24.06.2021.

In view of the amount deposited into ARA along with 24% penalty vide receipt No.03061 dt 24.06.2021 the observation has been resolved.

3.1.8. MINISTRY OF INFORMATION AND COMMUNICATION

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu.1.325 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the report below:

Sl. No.	Brief Description	Irregularities reported to Parliament as of 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-	-	Unsettled
5	Shortfalls, lapses and deficiencies	1.325	-	1.325	-
Total:		1.325	-	1.325	-

The details of unsettled irregularities reported to the Parliament in March 2023 which remained unsettled as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules is as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.3	Change/Mismatch of contractor's key Personnel	-		Unsettled
Total:		-		-

4.3. CHANGE/MISMATCH OF CONTRACTOR'S KEY PERSONNEL

The DoAT had allowed change/mismatch of contractor's key personnel in the ADB funded Construction of Terminal Building at Bumthang Domestic Airport. M/s Rinson Construction Co. Pvt. Ltd had engaged personnel other than the committed ones without meeting the required work experience and without obtaining the approval from the project management. (AIN: 16348; OB No.: 1.6; Accountabilities: Direct: Jamyang T Dorji, Dy. Ex. Engineer, EID No.201101166; Supervisory: Karma Wangchuk, Director, EID No. 9004059)

Status: Observation not settled.

Non-deployment of requisite key personnel regularly has greatly impacted the project in terms of significant delays in completion of the project, cost overrun, and quality of the works as well. It is to reiterate that due to the inadequate deployment of technical personnel, there was a negative impact on the progress of the project.

The Department should furnish the strategies adopted for ensuring proper monitoring to avoid such lapses for similar projects in the future (Refer 5th Follow-up Report No. RAA/FUCD/(7-MoIT)/Sect/2023/274, issued on 15/08/2023 by RAA).

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 1.325 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu.1.325 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Ineligible payment of consultancy fees	0.915	-	0.915
5.4	Excess Payment	0.410	-	0.410
	Total:	1.325	-	1.325

5.2. INELIGIBLE PAYMENT OF CONSULTANCY FEES - NU. 0.915 MILLION

The DoAT had made ineligible payment of Nu. 0.915 million to M/s LEAPP-Gyaltshen Consultancy in the ADB funded Construction of Terminal Building at Bumthang Domestic Airport. The project management had paid vehicle hire charges and work monitoring and supervision fees for three winter months even when the work was completely stopped in contervention to the contract agreement. *(AIN: 16348; OB No.: 1.2; Accountabilities: Direct: Jamyang T Dorji, Dy. Ex. Engineer, EID No.201101166 Supervisory: Karma Wangchuk, Director, EID No. 9004059)*

Status: *Observation not settled.*

The observation pertains to the payment of Nu. 915,000/- made to the consultant during three winter months when the works were completely halted whereas the time extension of three months granted by ADB is for the engagement of consultant for extended project period due to hindrance by winter months. Therefore, it is not pertinent to the observation. As it was clear that for three winter months starting December 2017 to January 2018, the work was completely stopped since the contractor was not able to do the concreting works and also not able to mobilize timber and boulders for fabrication works engagement and payment to the consultant for the three winter months is not justifiable. Therefore, the project management should recover the vehicle hire charges and the work monitoring supervision fees paid to the consultant alongwith 24% p.a. penalty on Nu. 915,000/- from the due date of the report (i.e.20/02/2020).

Until such time, the amount is being recovered and deposited with the RAA along with the accumulated penalty the observation shall stand (Refer 5th Follow-up Report No. RAA/FUCD/(7-MoIT)/Sect/2023/274, issued on 15/08/2023 by RAA).

5.4. EXCESS PAYMENT - NU. 0.410 MILLION

The cases of excess payment include:

- e) The DoAT had made excess payment amounting to Nu. 0.335 million (Nu. 0.085 million to M/s Tshering Samdrup Construction Pvt. Ltd. and Nu. 0.250 million to M/s LEAPP-Gyaltshen Consultancy) in the ADB funded project on Construction of Staff Quarters at the Gelephu Domestic Airport. The revised project duration for the construction was 19 months and the work was also found completed within the revised project duration. However, the contractor was paid for providing office space and operating utility vehicle besides payment of consultancy fees to the supervising consultant engineer for one additional month. (AIN: 16348; OB No.: 2.6; Accountabilities: Direct: Jamyang T Dorji, Dy. Ex. Engineer, EID No.201101166 Supervisory: Karma Wangchuk, Director, EID No. 9004059)

Status: Observation not settled.

Time extension approval given by ADB for consultancy (Attachment-2) is for Bumthang Domestic Airport construction and not for Gelephu Domestic Airport construction. Therefore, this document is not relevant to the observation. The additional payment for hire of office space and utility vehicle amounting to Nu. 85,000.00 to the contractor was not admissible, since the physical work of the project was completed within the extended project duration of 19 months and the question of additional one month's payment for office space and for operating utility vehicle does not arise. Therefore, the payment of Nu. 335,000/- made to the contractor must be recovered and deposited into the Audit Recoveries A/c along with the penalty @24% p.a. from the due date of the report i.e. 20/02/2020.

As decided in the audit exit meeting the Project Management did not furnish the approved documents of the MoF and ADB to RAA within the ATR date for making of Nu. 250,000.00 additional consultancy fee payment beyond the project duration and with regard to the additional payment for hire of office space and utility vehicle amounting to Nu. 85,000.00 to the contractor could not be considered in audit, since the project work was physically completed within the extended project duration of 19 months and the question of additional one month's payment for office space and for operating utility vehicle does not arise.

Therefore, the project management should recover Nu. 335,000.00 along with the penalty @ 24% per annum from the due date of the report, i.e. 20 Feb.2020 and deposit the amount with the RAA.

Until such time the amount is being deposited with the RAA along with the applicable penalty the observation shall stand (Refer 5th Follow-up Report No. RAA/FUCD/(7-MoIT)/Sect/2023/274, issued on 15/08/2023 by RAA).

- g) The RSTA had made excess payment of Nu. 0.075 million to M/s Tshondup Construction for office expansion and alteration of Road Safety and Transport Authority, Regional Office Building, Monggar. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made. (AIN: 16468; OB No.: 1; Accountabilities: Direct: Lhendup Dorji,

Status: Observation not settled.

A reminder letter was served vide letter No.RAA/BT/Fus-01/2022/252 dated 08/04/2022. However, the observation remained unsettled as the RAA has not received any ATR response from the RSTA, Mongar

3.1.9. MINISTRY OF LABOUR AND HUMAN RESOURCES

During the year 2019, the RAA had issued eight audit reports of the Ministry of Labour and Human Resources (MoLHR). There were 24 observations amounting to Nu. 22.476 million of which Nu. 1.019 million were resolved as of 31 January 2020 and Nu. 0.212 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry. However, the balance unsettled irregularities of Nu. 17.936 million reported to the Parliament in March 2023 remained unresolved as on 29 February 2024 as reported below.

Sl. No.	Brief Description	Irregularities reported to Parliament as of 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	14.241	-	14.241	-
5	Shortfalls, lapses and deficiencies	3.695	-	3.695	-
	Total:	17.936	-	17.936	-

The details of unsettled irregularities reported to the Parliament in March 2023 which remained unsettled as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 14.241 MILLION

The cases of non-compliance to laws and rules involving Nu. 14.241 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Outstanding Advances	8.938	-	8.938
4.2	Non-levy of Liquidated Damage	5.303	-	5.303
	Total:	14.241	-	14.241

4.1. OUTSTANDING ADVANCES - NU. 8.938 MILLION

The cases of outstanding advances include:

- a) The Department of Technical Training Institute (DTTI) had unadjusted advances amounting to Nu. 8.938 million against M/s Druk Tsentop Construction Pvt. Ltd. in the GoI funded project on Construction of Training Center at Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The contractor for Package-C was terminated by the Ministerial Level Tender Committee for fundamental breach of contract but the advances paid to the contractor remained unadjusted. (AIN: 16150; OB No.: 1.1; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4801; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: Observation not settled.

As per the status submitted by MoESD vide letter MoESD/DWPSD-05/2023-24/117 dated 21/08/2023 the case was reported to be in the Sarpang Dzongkhag Court and now it is being reported that it has reached the High Court, Thimphu. The progress of the case reported by the Department has been noted. However, the observation shall remain unresolved until such time that the issue is being resolved in accordance with the verdict of the court as and when pronounced.

4.2. NON-LEVY OF LIQUIDATED DAMAGES - NU. 5.303 MILLION

The DTTI had not levied liquidated damages amounting to Nu. 5.303 million on M/s Druk Tsentop Construction Pvt. Ltd in the GoI funded project on Construction of Training Center at Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The Construction of Package C (Instrumentation Lab, Plumbing and Mechanical Workshop and Recreational hall) was delayed by 172 days as on the date of termination of the contract and liable for LD at maximum percentage of 10% was also not levied. (AIN: 16150; OB No.: 1.4; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4801 Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: Observation not settled.

As per the status submitted by MoESD vide letter MoESD/DWPSD-05/2023-24/117 dated 21/08/2023 the case was reported to be in the Sarpang Dzongkhag Court and now it is being reported that it has reached the High Court, Thimphu. The progress of the case reported by the Department has been noted. However, the observation shall

remain unresolved until such time that the issue is being resolved in accordance with the verdict of the court as and when pronounced.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.695 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.695 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Grant of excessive material secured advance	3.695	-	3.695
	Total:	3.695	-	3.695

5.2. GRANT OF EXCESSIVE MATERIAL SECURED ADVANCE -NU.3.695 MILLION

The DTTI had granted excessive materials advance amounting to Nu. 3.695 million to M/s Druk Tsentop Construction Pvt. Ltd in the GoI funded project on Construction of Training Center at the Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The Contractor was provided with material advance of Nu. 7.389 without actually receiving equivalent materials at site resulting in excessive advance of Nu. 3.695 million in the Construction of Package C (Instrumentation Lab, Plumbing and Mechanical Workshop and Recreational hall). *(AIN: 16150; OB No.: 1.2; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4801; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)*

Status: *Observation not settled.*

As per the status submitted by MoESD vide letter MoESD/DWPSD-05/2023-24/117 dated 21/08/2023 the case was reported to be in the Sarpang Dzongkhag Court and now it is being reported that it has reached the High Court, Thimphu. The progress of the case reported by the Department has been noted. However, the observation shall remain unresolved until such time that the issue is being resolved in accordance with the verdict of the court as and when pronounced.

3.1.10. MINISTRY OF WORKS AND HUMAN SETTLEMENT

During the year 2019, the RAA had issued 15 audit reports of the Ministry of Works and Human Settlement (MoWHS). Two reports were issued with 'Qualified' opinion. There were 181 observations amounting to Nu. 861.881 million of which Nu. 105.912 million were resolved as of 31 January 2020 and Nu. 235.943 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 332.395 million reported to the Parliament in March 2023 Nu. 123.299 million were settled leaving a balance of Nu. 209.096 as on 29 February 2024 as reported below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.652	0.652	-	100
4	Non-compliance to laws and rules	138.979	69.532	69.447	50
5	Shortfalls, lapses and deficiencies	192.764	53.115	139.649	28
	Total:	332.395	123.299	209.096	37

The details of unsettled irregularities reported to the Parliament in March 2023 irregularities settled thereafter and unsettled balances as on 29 February 2024 are as discussed below:

3. MISMANAGEMENT

The cases of mismanagement involving Nu. 0.652 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
3.1	Avoidable payment of interest	0.652	0.652	-
	Total:	0.652	0.652	-

3.1 AVOIDABLE PAYMENT OF INTEREST - NU. 0.652 MILLION

The Regional Office (RO), DoR, Lingmethang had made avoidable payment of Nu. 0.652 million to M/s Rinson Construction Co. Pvt. Ltd. for delay in disbursement of the contractor's claims in the "Formation Cutting from 28.00 – 42.60 km" on Gyelposhing – Nganglam Road Project from Nganglam side. The Project Management had delayed payment for 61 days (5th RAB) and 308 days (10th RAB) resulting in avoidable expenditure on the interest for delayed disbursement. The RO also failed to provide justification for withholding the payment. *(AIN: 16045; OB No.: 5.3.1; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)*

Status: Observation settled.

The observation has been settled vide letter No. DoST/Ro/a-11/2023/629 dated 23/01/2023 based on the justification provided to RAA and approval obtained from

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 69.447 MILLION

The cases of non-compliance to laws and rules involving Nu. 69.447 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.3	Non-adherence to contractual terms and conditions	-	-	Unsettled
4.4	Non-execution of work as per specification	-	-	Settled
4.5	Additional cost due to flaws in drawing and design	-	-	Settled
4.7	Outstanding advances	62.211	-	62.211
4.8	Non-recovery of 20% penalty for incomplete works	12.236	10.166	2.070
4.9	Non/short-levy of liquidated damages	22.349	17.183	5.166
4.11	Cost escalation due to unjustified revision of rates	42.183	42.183	-
	Total:	138.979	69.532	69.447

4.3 NON-ADHERENCE TO CONTRACTUAL TERMS AND CONDITIONS

The RO, DoR, Thimphu had not adhered to contractual terms and conditions and had allowed unjustified time extension for various contract works. The claims of hindrances by respective contractors were accepted although hindrances were not *force majeure* indicating extension of undue favour to contractors. (AIN: 16234; OB No.: 11.1; Accountabilities: Direct: Pempa Dorji, Assistant Engineer, EID No. 20140704511; Yeshi Tshering, Assistant Engineer, EID No. 20140704515; Ugyen Norbu, Assistant Engineer, EID No. 2011012481; M/s Tacho Construction, CDB No. 2001; M/s Joenshing Construction, CDB No. 1692; M/s Lotay Construction, CDB No. 3325; M/s Raven builder and Company Pvt. Ltd. CDB No. 2356; Supervisory: Sangay Tenzin, Executive Engineer, EID No. 200607203)

Status: *Observation not settled.*

10% of LD amounting to Nu.7.101 million to be recovered from M/s Takcho Construction from package III and Package IV and remitted to RAA as per auditor's site verification report. The Follow-up report was issued by RAA vide letter no.RAA/FUCD(E4-2)RO-DoR/2021/2476 dated 28/12/2021.

All seven contractors had recovered and deposited liquidated damages amounting to Nu.9.509 million into the revenue account as well as in ARA. However, a remaining balance of 10% of the liquidated damages amounting to Nu. 7,101,022.00, is pending recovery from M/s Takcho Construction, specifically from Package III and Package IV. Refer latest 5th Follow up reminder report No. RAA/FLSD (7-MoIT)/RO-DoST/2023/1049 on dated 07/12/2023.

4.4 NON-EXECUTION OF WORK AS PER SPECIFICATION

The cases of non-execution of work as per specification include:

- a) The Department of Engineering Services (DES) had not constructed the Sarpang Water Supply as per drawings and designs in the ADB funded project “*Secondary Town Urban Development Project*”. M/s EW and JM Pvt. Ltd. had constructed 3m of Gabion Wall instead of the required 3.5m from ground for protection of intake structure. The bottom most portion of the gabion wall of 0.5m height was also not constructed. Further, the intake tank protection gabion wall was constructed in vertical position instead of inclined position in deviation from the drawing and design. *(AIN: 16276; OB No.: 1.1; Accountabilities: Direct: Chimi Dema, Engineer, EID No.20180111323; M/s EW Construction, CDB No.2319; M/s JM Builders, CDB No.7494; Supervisory: Tashi Chophel, Project Manager, EID No.89008076)*

Status: *Observation settled.*

The observation has been resolved based on the justification submitted by Dasho Dzongdag, Dzongkhag Administration, Sarpang vide letter No.SD/Zorig(13)/2022-2023/5583, dated 03/04/2023 as well as the remarks given by the DAG, FUR, RAA, HQ, Thimphu. However, the physical verification of the rectification carried out at the site as per the technical team's report is to be verified during subsequent audits.

- b) The DES had not ensured the Construction of Sarpang Water Supply Development by M/s EW and JM Pvt. Ltd. as per the drawings and designs provided in the ADB funded Project on “*Secondary Town Urban Development Project, Loan No. BHU 3674*”. The wire mesh used for the Gabion Box was 2.5mm diameter against the 3.25mm diameter specified in the BoQ. *(AIN:16276; OB No.: 1.2; Accountabilities: Direct: Chimi Dema, Engineer, EID No.20180111323; M/s EW Construction, CDB No.2319; M/s JM Builders, CDB No.7494; Supervisory: Tashi Chophel, Project Manager, EID No.89008076)*

Status: *Observation settled.*

With the justification and assurance provided by the management vide letter no.DES/WSD/ADB-3674/16/2019-2020/287 dated 29/04/2020 that the execution of gabion box mesh not as per specification shall not pose a threat to the stability of the structure of the gabion wall and in intact condition as of date was noted. Based on the assurance given by the management the observation was considered as settled and accordingly follow-up report was issued vide letter no. RAA/FUCD(E1)MoWHS-Sect/2021/420 dated 23/04/2021.

4.5 ADDITIONAL COST DUE TO FLAWS IN DRAWING AND DESIGN

The DES had incurred additional expenses of Nu. 3.179 million in the construction of Sarpang Water Supply Development under ADB funded Project “*Secondary Town Urban Development Project*”. M/s Progressive Research and Consultancy Services had not carried out proper planning, design and estimation leading to additional financial cost. The consultant firm had kept the pipes alignment over existing bridge which was objected by DoR during execution as the bridge was not designed/constructed to carry the weight of pipelines, which should have been assessed during the design phase by the consultant. (AIN: 16276; OB No.: 1.3; Accountabilities: Direct: Karma Dupchuk, Project Director, EID No.2101057; M/s Progressive Research Consultancy Service, CDB No. 101; Supervisory: Karma Dupchuk, Project Director, EID No.2101057)

Status: *Observation settled.*

The observation has been resolved based on the ATR submitted by the Project Management vide letter Nos. WSD/F-16/2021-2022/525, dated 04/10/2021 and PRCS/ADM/2023, dated 06/12/2023. Refer latest 5th Follow-up report No. RAA/FLSD/(7-MoIT)/DoID/2023/1032 issued by RAA on 06/12/2023.

4.7 OUTSTANDING ADVANCES - NU. 62.211 MILLION

The RO, DoR, Lingmethang had not adjusted PW advances amounting to Nu. 62.211 million against various contractors by the end of the FY 2017-18. The contractors were paid other forms of advances besides the mobilization and secured advances and the same was not adjusted within the FY. (AIN: 16046; OB No.: 3; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of date.

4.8 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS - NU.2.070 MILLION

The cases of non-recovery of 20% penalty for incomplete works include:

- a) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 7.598 million upon termination of contract of M/s Norbu Construction Pvt. Ltd in the double laning of the Northern East-West Highway from Monggar to Gangola. The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works were not levied. Although Nu. 7.598 million was recovered, the penalty for late payment was not levied and recovered. (AIN: 16046; OB No.: 5.2;

Accountabilities: Direct: Sonam Wangchuk, EE, EID No. 9807033; M/s Norbu Construction Pvt. Ltd. (CDB No. 1957); Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation not settled.*

A sum of Nu. 7,597,573.35 was deposited into ARA vide R/No.429611 dated 07/11/2019 leaving the accumulated 24% penal interest of Nu. 209,955.88 recoverable as of date.

- b) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 2.070 million upon termination of contract of M/s Diamond Construction Pvt. Ltd. in the blacktopping of the Tsakaling GC road. The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works was not levied. *(AIN: 16046; OB No.: 7.2; Accountabilities: Direct: Galey, EE, EID No. 9607019; M/s Diamond Construction Pvt. Ltd. (CDB No. 2304); Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)*

Status: *Observation not settled.*

A reminder letter was served vide letter No.RAA/BT/Fus-01/2021/509 dated 15/04/202 by RAA, however, no ATR response has been received as of date.

- c) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 8.823 million upon termination of contract of M/s Norbu Construction Pvt. Ltd in the construction of L-drain and cross Drainage on Gyelposhing-Nganglam Road Project (20-32.46km). The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works was not levied. *(AIN: 16045; OB No.: 4.1; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Norbu Construction Pvt. Ltd. CDB 1957 Supervisory: Karma Rinzin, CE, EID No. 8908095)*

Status: *Observation settled.*

Based on the letter No. DoST/ROL/A-11/2023-2024/249 dated 25/09/23 and the Supreme Court's verdict Ngyentho (62)-2022/3115 dated 27.07.2022, the cases have been resolved.

- d) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 1.133 million upon termination of contract of M/s Rinson Construction Co. Pvt. in the Formation Cutting work from 28.00–42.60 km on Gyelposhing – Nganglam Road Project. The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works was not levied. *(AIN: 16045; OB No.: 5.5; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s*

Status: *Observation settled.*

The observation was settled as per letter No. DoST/Ro/a-11/2023/629 dated 23/01/2023 based on the justification provided to RAA and approval obtained from Hon'ble Secretary, MoWHS, Thimphu for Time Extension & LD issues vide letter No. DoR/CD/GOI-PMU/13/2015-2016/1699 dated 29/09/2015.

4.9 NON-LEVY OF LIQUIDATED DAMAGES - NU. 5.166 MILLION

The cases of non-levy of liquidated damages include:

- a) The RO, DoR, Lingmethang had not levied liquidated damages amounting to Nu. 1.714 million on M/s Phuntsho Rabten Construction for delay in the blacktopping of Tsakaling GC road. The RO had terminated the contract for failure to complete the work on time but applicable liquidated damages were not levied. *(AIN: 16046; OB No.: 6.1; Accountabilities: Direct: Galey, EE, EID No. 9607019; M/s Phuntsho Rabten Construction CDB No. 1836 Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)*

Status: *Observation not settled.*

The observation remained unresolved. A follow-up reminder letter was served vide letter No.RAA/BT/Fus-01/2021/509 dated 15/04/2022. According to the auditee agency, the case was forwarded to court and the outcome of the legal proceeding shall be intimated.

- b) The RO, DoR, Lingmethang had not levied liquidated damages amounting to Nu. 27.420 million on M/s Rirab Construction in the construction of KM22 till Gongrizomsa of the GoI funded Gyelposhing-Nganglam Road Project. Even after grant of time extension of more than 34 months the contractor failed to complete the works after which the contract was terminated. However, the liquidated damages at 10% of the final contract price were not levied. *(AIN: 16045; OB No.: 3.2; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Rirab Construction, Trashigang CDB No. 1828 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)*

Status: *Observation settled.*

The observation has been resolved as per letter No.RC/corr-5/2022/0116 dated 18/05/2022 & letter No. DoR/RO/A-11/2022/1175 dated 18/05/2022 based on the justification provided and also as per the Minutes of Meeting of MLTC decisions vide letter No.DoR/CD/2018/819 dated 18/09/2017 that recommendations made by MLTC is found genuine and the same has been approved by Hon'ble MoWHS Minister and also as per the decision of Royal Court of Justice, Supreme Court vide letter No.SC(18-160)2018/994 dated 04/05/2018.

- c) The RO, DoR, Lingmethang had not levied liquidated damage of Nu. 16.750 million to M/s Rinson Construction Co. Pvt for delay in the completion of Formation Cutting work from 28.00–42.60 km on Gyelposhing – Nganglam Road Project. The contractor was liable for 10% of the final contract price as liquidated damages as the delay was beyond the provision of time extension. (AIN: 16045; OB No.: 5.1; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation settled.

Observation has been settled as per letter No. DoST/Ro/a-11/2023/629 dated 23/01/2023 based on the justification provided to RAA and approval obtained from 902513 the Hon'ble Secretary, MoWHS, and Thimphu for time extension & LD issues vide letter No. /CD/GOI-PMU/13/2015-2016/1699 dated 29/09/2015.

- d) The RO, DoR, Lingmethang had short levied liquidated damages by Nu. 3.452 million on M/s Diamond Construction Co. Pvt. Ltd in the Construction of L-drain and Cross Drainage from Chainage 32.00-42.60km on Gyelposhing-Nganglam Road from Nganglam side. The RO had only levied liquidated damage of Nu. 1.975 million for delay in completion although the contractor was liable for maximum liquidated damages of 10%. (AIN: 16045; OB No.: 6.3; Accountabilities: Direct: Jai Kr. Ghalley, AE, EID No. 201101236; M/s Diamond Construction Pvt. Ltd. CDB No. 2403; Supervisory: Jigme Tenzin, PE, EID No. 20150105036)

Status: Observation not settled.

A reminder letter was served vide letter No. RAA/BT/Fus-01/2021/286 dated 20/01/2021, however, no ATR response has been received as of date.

- e) The Central Stores, DoR, Phuentsholing had short levied liquidated damages amounting to Nu. 0.692 million for delay in supply of the materials in the procurement of Bailey Bridge parts. Nu. 0.692 million out of Nu. 1.906 million was not levied on M/s Titagarh Wagon Limited and M/s Viyanayak Rail Track (India) Pvt. Ltd. (AIN:15668; OB No.: 1; Accountabilities: Direct: Sonam Tshewang, Accounts Officer, EID No. 9110023; Supervisory: Dorji Wangdi, Chief Engineer, EID No. 8601100)

Status: Observation settled.

Out of the revised amount, Nu.0.571 million recoverable, a sum of Nu.0.521 million was recovered and deposited vide receipt No. 428924 dated 19.2.2021 and vide receipt no. 01995 dated 10.03.2023. Thereby, leaving the balance amount of Nu. 0.965 million along with a 24% penalty recoverable.

However, the issue was dropped vide follow-up report No.RAA/OAAG-Pling/MoWHS-Central Store-D2/2023/660 dated 29/11/2023 as per the decision of the advisory

committee passed during a meeting held on 02.06.2023. Actions for those officials responsible were initiated by RO, Pling vide their letter No. CS/RO, Pling, 2022-2023/ADM-15/82 dated 10.11.23. Hence, the issue was resolved.

4.11 COST ESCALATION DUE TO UNJUSTIFIED REVISION OF RATES - NU. 42.183 MILLION

The RO, DoR, Lingmethang incurred financial implication of Nu. 42.183 million in the formation cutting work from 28.00-42.60 km on Gyelposhing-Nganglam Road Project. M/s Rinson Construction Co. Pvt. Ltd. was paid for 4.54 km based on other contractor's quoted rate for similar terrain instead of the Contractor's own quoted rate. (AIN: 16045; OB No.: 5.2; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation settled.

The observation was settled as per letter No.DoST/Ro/a-11/2023/629 dated 23/01/2023 based on the justifications provided to RAA and also basing on the approval obtained from Hon'ble Secretary, MoWHS, Thimphu for time extension & LD issues vide letter No.DoR/CD/GOI-PMU/13/2015-2016/1699 dated 29/09/2015.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 139.649 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 139.649 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Inadmissible grant of advances	-	-	Settled
5.3	Excess payment	0.219	0.219	-
5.4	Improper planning of construction works	-	-	Settled
5.5	Outstanding advances	185.998	49.152	136.846
5.6	Inadmissible payment of price adjustment	4.759	1.956	2.803
5.8	Non-reconciliation of outstanding advances	-	-	Unsettled
5.13	Non-reconciliation of stocks	-	-	Settled
5.14	Excess payment to the transporters	1.788	1.788	-
Total:		192.764	53.115	139.649

5.2. INADMISSIBLE GRANT OF ADVANCES

The cases of inadmissible grant of advances include:

- b) The RO, DoR, Lingmethang had granted excessive advance amounting to Nu. 37.237 million to M/s Rinson Construction Co. Pvt. Ltd in the "Formation Cutting from 28.00-42.60 km on Gyelposhing-Nganglam Road Project from Nganglam side". The

payment of advance accounted to 50% of the value of work which was irregular. (AIN: 16045; OB No.: 5.3.3; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation settled.

The observation has been settled as per letter No. DoST/Ro/a-11/2023/629 dated 23/01/2023 based on the further replies/justification provided to RAA and approval obtained from Hon'ble Secretary, Mowhs, Thimphu for time extension & LD issues vide letter No. DoR/CD/GOI-PMU/13/2015-2016/1699 dated 29/09/2015.

5.3 EXCESS PAYMENT NU. 0.608 MILLION

The cases of excess payment include:

- f) The RO, DoR, Lingmethang had made excess payment amounting to Nu. 0.219 million to M/s Norbu Construction Pvt. Ltd. in the Providing and Laying of Base Course, Bitumen Sealing and Construction of L-drain and Cross Drainage from Chainage 20.00 – 32.46km in the Gyelposhing-Nganglam Road Project. The excess payment occurred due to wrong recording of length of drain in the Measurement book against the actual construction at site. (AIN: 16045; OB No.: 4.2; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Norbu Construction Pvt. Ltd. CDB 1957; Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: Observation settled.

The cases has been resolved based on the letter No. DoST/ROL/A-11/2023-2024/249 dated 25/09/23 and as per the Supreme Court's verdict Ngyentho (62)-2022/3115 dated 27.07.2022.

5.4 IMPROPER PLANNING OF CONSTRUCTION WORKS

The DES had not carried out proper planning of the Hejo-Samteling Local Area Plan under the World Bank funded “Bhutan Urban Development Project – Additional Finance (AF-BUDP-II, Credit No. 5431)’. The improper planning and coordination had resulted in incomplete works as the blacktopping of the widened road was not included in the contract package. (AIN: 16422; OB No.: 3.3; Accountabilities: Direct: Penjor Dukpa, Executive Engineer, Project Engineer, EID 2107163; M/s Tundi and Chimmi RD, JV CDB Registration No: 5455 and License No.1026944 Supervisory: Pekar Rabgay, Principal Engineer, Project Manager, EID 9009029)

Status: Observation settled.

The observation was settled upon the site verification carried out by Auditor Jamtsho that entrance and exit junction for Hejo-Samteling LAP was blacktopped. Accordingly, the Follow-up Report was served vide letter no.RAA/FUCD(E1-1)DES//2021/1493 dated 19/08/2021.

5.5 OUTSTANDING ADVANCES - NU. 136.846 MILLION

The cases of outstanding advances include:

- a) The RO, DoR, Trongsa had not adjusted outstanding advances amounting to Nu. 30.352 million against the Central Stores, DoR, Phuentsholing. The advances were released for supply of Bitumen and Emulsion but had not been adjusted indicating non-receipt of the goods. (AIN: 15747; OB No.: 8.1; Accountabilities: Direct: Tsheten Wangchuk, Accountant Asst. IV, EID No. 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: Observation settled.

The observation was settled as per Letter No RO/DOR/accts-07/2020/061 dated 37/07/2020 that the contractor had received the cash warrant from Trongsa in lieu of 10% retention money for the work carried out by the contractor and based on the copy of assurance letter given by contractor on 27/06/2020 which was reviewed by Chime Dorji, Offtg. AAG on 15/9/2020.

- b) The RO, DoR, Lingmethang had not adjusted outstanding advances amounting to Nu. 16.440 million against various contractors in the Gyelposhing-Nganglam Road Project whose works were either completed or terminated. (AIN: 16045; OB No.: 8; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation settled.

The observation was resolved as per the letter No. DoST/ROL/A-11/2023-2024/249 dated 25/09/23 and as per the Supreme Court's verdict Ngyentho (62)-2022/3115 dated 27.07.2022.

- c) The RO, DoR, Phuentsholing had not recovered advances and 20% penalties on termination of contract amounting to Nu.1.040 million from M/s Joenshing Construction in the construction of permanent works of the Drukdingkha-Metekha GC road (Package 11-6Km). The RO had not recovered 20% penalties on termination of contract due to slow progress of work and non-adjustment of advance provided to the contractor. (AIN: 16197; OB No.: 1.11; Accountabilities: Direct: Nir Maya Chhetri, JE, EID No. 2014070400; M/s Joenshing Construction, CDB No. 5728; Supervisory: Naten Tshering, AE, EID No. 9907117)

Status: Observation not settled.

An amount of Nu.1.040 million along with 24% penalty is recoverable. A follow up report No. RAA/OAAG-Pling/DoR/D5/2020/747 dated 06.08.2020. The contractor is reported untraceable and the issues was forwarded to Advisory Committee for further directives.

- d) The RO, DoR, Phuentsholing had not adjusted PW Advances amounting Nu. 8.022 million as of June 2019 against various contractors since FY 2016-17. (AIN: 16197; OB No.: 2.2; Accountabilities: Direct: Choden, AE, EID 9401084; Nirmaya Chettri, AE, EID 2014070400; Rinchen Khandu, EID 20120100020; Supervisory: Dorji Wangdi, CE, RO, DoR, P/Ling, EID No. 8601100)

Status: *Observation not settled.*

An amount of Nu. 5.268 million along with 24 % penalty is recoverable. A follow-up report No. RAA/OAAG-Pling/DoR/D5/2020/747 dated 06.08.2020 has been sent.

As per the Supreme Court's judgement dated. 21.03.2023, M/s Galaxy Builders is liable to restitute Nu. 3,907,943.00 within six months of the judgement. However, the firm failed to deposit the amount within six months and had appealed to the Ministry to make the payments in installments. Thus, the Hon'ble Lyonpo has approved making the payments in monthly installments amounting to Nu. 500,000 till the full amount is recovered. A total of Nu. 1,000,000 was recovered vide receipt no.01725 dated 19.10.2023 and 01736 dated 11.12.2023. However, the balance recoverable amount of Nu. 2,907,943 is still pending.

- e) The RO, DoR, Lingmethang had not adjusted advance amounting to Nu.132.898 million against the Central Stores, DoR, Phuentsholing. The advances released for supply of Bitumen and Emulsion were not adjusted indicating non-receipt of the goods and difference in records maintained by the RO and Central Stores. (AIN: 16046; OB No.: 11; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/Fus-01/2021/510 dated 15/04/2021 and RAA/Fus-01/2021/510 dated 15/04/2021, however, no ATR report has been received as of date.

5.6 INADMISSIBLE PAYMENT OF PRICE ADJUSTMENT - NU. 2.806 MILLION

The cases of inadmissible payment of price adjustment include:

- a) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 6.468 million to M/s Rirab Construction in the formation cutting of KM22 till Gongrizomsa in Gyelposhing-Nganglam Road Project. The inadmissible payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 3.3; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Rirab Construction, Trashigang CDB No. 1828 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: *Observation settled.*

The observation has been settled as per letter No.DoR/RO/A-11/2022/1260 dated 13/06/2022 based on the justifications provided and a copy of Arbitral award submitted to RAA.

- b) The RO, DoR, Lingmethang had made inadmissible payment on price adjustment amounting to Nu. 0.956 million to M/s Norbu Construction Pvt. Ltd. in the Providing and Laying of Base Course, Bitumen Sealing and Construction of L-drain and Cross Drainage from Chainage 20.00-32.46 km on the Gyelposhing-Nganglam Road Project. The inadmissible payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 4.3; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Norbu Construction Pvt. Ltd. CDB 1957; Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: *Observation settled.*

The observation has been settled as per letter No.DoR/RO/A-11/2022/1260 dated 13/06/2022 based on the justifications provided and a copy of Arbitral award submitted to RAA.

- c) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu.1.000 million to M/s Rinson Construction Co. Pvt. Ltd in the contract for 'Formation Cutting from 28.00-42.60 km on Gyelposhing-Nganglam Road Project from Nganglam side'. The excess payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 5.4; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd., CDB 1965; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: *Observation settled.*

The observation has been settled as per letter No.DoST/Ro/a-11/2023/629 dated 23/01/2023 based on the justification provided and the copy approval obtained from Hon'ble Secretary, Mowhs, Thimphu for time extension & LD issues vide letter No.DoR/CD/GOI-PMU/13/2015-2016/1699 dated 29/09/2015.

- d) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 2.611 million to M/s Diamond Construction Pvt. Ltd. in the 'Providing and Laying of Base Course, Bitumen Sealing, Construction of L-drain and Cross Drainage from Chainage 32.00-42.60 km on Gyelposhing-Nganglam Road from Nganglam side'. The excess payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 6.1; Accountabilities: Direct: Sonam Tenzin, EE, EID No. 200901230; M/s Diamond Construction Pvt. Ltd. (CDB No. 2403); Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: *Observation not settled.*

A follow-up reminder letter No. RAA/BT/Fus-01/2021/286 dated 20/01/2021 was served, however, no ATR response has been received as of date.

- e) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 0.192 million to M/s Diamond Construction Pvt. Ltd. in the 'Providing and Laying of Base Course, Bitumen Sealing, Construction of L-drain and Cross Drainage from Chainage 32.00-42.60 km on Gyelposhing-Nganglam Road from Nganglam side'. The inadmissible payment occurred due to improper verification of bills and payment of the same price adjustment in different bills. (AIN: 16045; OB No.: 6.2; Accountabilities: Direct: Sonam Tenzin, EE, EID No. 200901230; M/s Diamond Construction Pvt. Ltd. CDB No. 2403 Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: *Observation not settled.*

A follow-up reminder letter No. RAA/BT/Fus-01/2021/286 dated 20/01/2021 was served, however, no ATR response has been received as of date.

5.8 NON-RECONCILIATION OF OUTSTANDING ADVANCES

The RO, DoR, Lingmethang had not reconciled the advances released to the Central Stores in Phuentsholing for the supply of Bitumen and Bitumen emulsion resulting in a difference of Nu.28.372 million in the Gyelposhing-Nganglam Road Project. (AIN: 16045; OB No.: 11; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of date.

5.13. NON-RECONCILIATION OF STOCKS

The Central Stores, DoR, Phuentsholing had not reconciled the stock balance of Bitumen VG-10 and Bitumen emulsion resulting in huge differences in the available stock and records. The difference showed that proper reconciliation, stock keeping and recording was not carried out. (AIN: 15668; OB No.: 3; Accountabilities: Direct: Dorji Wangchuk, Store Keeper, EID No. 91011121; Supervisory: Sonam Tashi, Estate Manager, EID No. 99071654)

Status: *Observation settled.*

Based on the evidences of reconciliation of the Bitumen and Emulsion provided and verification carried out in the subsequent audit the observation was considered as settled.

5.14. EXCESS PAYMENT TO THE TRANSPORTERS

The Central Stores, DoR, Phuentsholing had incurred excess payments amounting to Nu. 1.788 million to the transporters due to unloading of consignments in destinations other than Regional Stores/specific destinations. During the three FYs 2014-15, 2015-16 and 2016-17, consignments such as bitumen, bridge parts and hume pipes dispatched from Central Store to various Regional Offices' Stores were unloaded at the site where actual works were being carried out.

However, payment for the transporters were made at the rate for the designated Regional Office Stores. Moreover, in few cases, the distances covered were found more than the RSTA prescribed distance. (AIN: 15668; OB No.: 5; Accountabilities: Direct: Sonam Tashi, Estate Manager, EID No. 99071654; Dorji Wangchuk, Store Keeper, EID No. 9101112 and Rinzin, Store Keeper, EID No. 9910021; Supervisory: Dorji Wangdi, Chief Engineer, EID No. 8601100, Tandin Zangmo, Sr. Adm. Asstt, EID No. 2109021)

Status: Observation settled.

Based on the justification submitted vide letter no. CS/Dost/Adm-5/2022-2023/191 dated 01.03.2023 justifying the transportation tenders were floated on the lump sum rates for the respective DoR Regional Offices and the payments were made based on the goods sent from Central Store Phuentsholing and also receipt of the goods/items duly acknowledged by the respective store incharge or by the concerned engineers of the Regional Offices the observation was considered for settlement.

3.2. DZONGKHAGS ADMINISTRATION

During the year 2019, 16 Dzongkhags Administration had unresolved irregularities amounting to Nu. 233.395 million as follows:

3.2.1. DZONGKHAG ADMINISTRATION, BUMTHANG

During the year 2019, the RAA had issued one audit report of the Dzongkhag Administration, Bumthang. There were 71 observations amounting to Nu. 36.530 million which were not resolved as of 31 January 2020 and Nu. 33.564 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and the unsettled irregularities reported to the Parliament in March 2023 were resolved as on 29 February 2024 as shown in the report below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-	-	Settled
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in March 2023 which were resolved as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as summarised below:

4.1 ACCEPTANCE/NON RECTIFICATION OF DEFECTIVE/SUBSTANDARD WORKS

- a) The Dzongkhag Administration, Bumthang had accepted substandard works of providing and laying of coloured Tri-hex interlocking paver blocks valuing Nu. 0.378 million in the Construction and Improvement work of Bathpalathang Road awarded to M/s Tshoki Construction. It was noted that there was no proper bonding of joints of the tiles and in most of the stretches, the tiles were laid unevenly resulting in gaps and undulations. (AIN: 16319; OB No.: 4.4(b); Accountabilities: Direct: Tharchen, Dy. EE, EID No. 9707053; M/s Tshoki Construction, Thimphu, CDB No. 2469; Supervisory: Yeshey Dorji, DE, EID No. 9307017)

Status: Observation settled.

The observation has been settled as per the decision passed as in the MoM of the Follow up Review Meeting held on 25/8/2023.

- b) The Dzongkhag Administration, Bumthang had notified to the contractor to rectify/re-do certain defective/incomplete items of works in the construction of Dzongkhag Yargay Tshogdu Hall awarded to M/s Yarphel Builders, Zhemgang. However, the rectification works like re-plastering of plinth and drain, cleaning of toilet tiles, and filling up of gap in ceilings were not completed as notified hindering timely use of the structure. (AIN: 16319; OB No.: 5; Accountabilities: Direct: Pema Letho, AE, EID No. 20150105051; M/s Yarphel Builders, Zhemgang, CDB 7963; Supervisory: Yeshey Dorji, DE, EID No. 9307017)

Status: Observation settled.

The observation has been settled as per the decision passed as in the MoM of the Follow up Review Meeting held on 25/8/2023.

3.2.2. DZONGKHAG ADMINISTRATION, CHHUKHA

During the year 2019 the RAA had issued two audit reports of Dzongkhag Administration Chhukha and its Drungkhag. There were 51 observations amounting to Nu. 5.309 million of which Nu. 1.742 million were resolved as of 31 January 2020 and Nu. 0.306 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 1.294 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the report below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.225	-	0.225	
4	Non-compliance to laws and rules	0.360	-	0.360	
5	Shortfalls, lapses and deficiencies	0.709	-	0.709	-
	Total:	1.294	-	1.294	-

The details of unsettled irregularities reported to the Parliament in March 2023 which remained unsettled as on 29 February 2024 are as discussed below:

3. MISMANAGEMENT – NU. 0.255 MILLION

The cases of mismanagement involving Nu. 0.225 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
3.1	Adjustment of advances without supporting documents	0.255	-	0.255
	Total:	0.255	-	0.255

3.1 ADJUSTMENT OF ADVANCES WITHOUT SUPPORTING DOCUMENTS – 0.225 MILLION

The Dzongkhag Administration, Chhukha had adjusted Nu. 0.255 million pertaining to *Moenlam Chhenmo* Accounts without supporting documents. The adjustments were made on account of expenses incurred for conduct of *Moenlam Chhenmo* Activities. (*AIN 16019; OB No.:30.3; Accountabilities: Direct: Tshering Nidup, DT Chairperson, CID No. 10203002306; Supervisory: Ugyen Chada, Cultural Officer, EID No. 200905024*)

Status: *Observation not settled.*

An amount of Nu. 0.255 million remained unsettled and a follow up reminder letter No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated 07.09.2021 was served. However, the Dzongkhag Administration did not deposit the amount into Moenlam Chenmo Account as of date and the observation remained unsettled.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.360 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.360 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Defective/Sub-standard works	-	-	Settled
4.2	Payment of Refundable Deposits without obtaining releases	0.360	-	0.360
	Total:	0.360	-	0.360

4.1 DEFECTIVE/SUB-STANDARD WORKS

- b) The Dzongkhag Administration, Chhukha had accepted defective work in the Construction of Dungna-Mondokha Farm Road executed by M/s Galaxy Builder Pvt. Ltd., Phuentsholing. It was noted that at certain stretches the required width of 5.1m for farm road and gradient near Choelumchhu cliff were not maintained. *(AIN: 16019; OB No.:6; Accountabilities: Direct: Kezang Tobgay, Engineer, EID No. 20150105064; M/s Galaxy Builder Pvt. Ltd., Phuentsholing, CDB No. 5126; Supervisory: Tshering Chopel, DE, EID No. 808013)*

Status: Observation settled.

The observation was settled based on the justification provided vide letter No. CDA/DHS-16/2020-2021/4495 dated 17.03.2021,

- c) The Dzongkhag Administration, Chhukha had accepted defective work in the Construction of Khamjo-Babana Farm Road executed by M/s Peldhang Construction Pvt. Ltd., Chukha. It was noted that at certain stretches the required width of 5.1m for farm road was not maintained. At some locations, turnings were very narrow and the road width was obtained by filling earth over fallen trees. Further, the contractor had not constructed 'passing zones' per kilometer in three instances as required under the BoQ and contract agreement. *(AIN: 16019; OB No.:8; Accountabilities: Direct: Kezang Tobgay, Engineer, EID No. 20150105064; M/s Peldhang Construction Pvt. Ltd., Chukha, CDB No. 3163; Supervisory: Tshering Chopel, DE, EID No. 808013)*

Status: Observation settled.

The observation was settled based on the justification provided vide letter No. CDA/DHS-16/2020-2021/4495 dated 17.03.2021.

- e) The Dzongkhag Administration, Chhukha had accepted defective works in the construction of drain near Chhukha Dzong Gate at the cost of Nu. 0.519 million executed by M/s Jabtsho Construction, Chhukha. Major cracks in providing and laying RCC works were noted indicating inadequate monitoring and supervision

during execution. (AIN: 16019; OB No.:22.2; Accountabilities: Direct: Damchoe Dorji, Engineer, EID No. 201101228; M/s Jabtsho Construction, Chhukha, CDB No. 3707; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation settled.

Following the resolution of the meeting conveyed on 11/09/2023 under the leadership of AG, the Dzongkhag Tender Committee has submitted a current status report of the infrastructure vide its letter No. CDA/DES-07/2022-2023/1326 dated 20/09/2023 affirming that the issue was resolved. The representative/Thuemi of Gedu Throm has also submitted the same. Hence, the observation is settled

- f) The Dzongkhag Administration, Chhukha had not directed the contractor to rectify the defects noted in the construction of Public Toilet attached to Tshechu Gallery at the cost of Nu. 0.732 million. Major cracks were noted in the RRM wall and PCC works indicating execution of substandard work. (AIN: 16019; OB No.:23; Accountabilities: Direct: Damchoe Dorji, Engineer, EID No. 201101228; M/s DOR-G, Builders, CDB No. 6121; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation settled.

Following the resolution of the meeting conveyed on 11/09/2023 under the leadership of AG, the Dzongkhag Tender Committee has submitted the status report of the infrastructure vide its letter No. CDA/DES-07/2022-2023/1326 dated 20/09/2023. It was reported that the infrastructure is fully operational and effectively serving its purpose. Based on the submission of the DTC report, the observation was considered as settled

4.2 PAYMENT OF REFUNDABLE DEPOSIT WITHOUT OBTAINING RELEASE – NU. 0.360 MILLION

The Drungkhag Administration, Phuentsholing had refunded Nu. 0.360 million to the contractors from the budgetary releases instead of obtaining equivalent Refundable Release from Department of Public Accounts. (AIN: 16086; OB No.:9; Accountabilities: Direct: Yashoda Phuyel, Accountant, EID No. 200507269; Supervisory: Karma Rinchen, Drungpa, EID No. 9308053)

Status: Observation not settled.

The amount of Nu.0.360 million remained unsettled as no ATR received from the administration. The Drungkhag Administration in consultation with Department of Public Account (DPA) should compute the exact amount and deposit the same into Audit Recoveries Account along with applicable penalty.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.709 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.709 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Excess/Double Payments	0.392	-	0.392
5.8	Outstanding Advances	0.317	-	0.317
	Total:	0.709		0.709

5.1 EXCESS/DOUBLE PAYMENTS – NU. 0.392 MILLION

- f) The Drungkhag Administration, Phuentsholing had made excess payment of Nu.0.290 million to M/s Jangcholing Construction, Lhuntse in the Improvement of approach road, ground development and water supply works at Khateykha PS under Lokchina Gewog. The excess payment had occurred due to booking of expenditure before the actual completion of the work. Further, the Drungkhag Administration had not recovered liable maximum liquidated damages (10%) of Nu. 0.103 million. *(AIN: 16086; OB No.:2; Accountabilities: Direct: Basant Kr. Rai, Engineer, EID No. 2013100301; M/s Jangcholing Construction, Lhuntse, CDB No. 7514; Supervisory: Tshering Chopel, DE, EID No. 8808013)*

Status: *Observation not settled.*

Excess payment of Nu. 392,292.00 along with 24% penalty stands recoverable.

5.8 OUTSTANDING ADVANCES – NU. 0.317 MILLION

- a) The Dzongkhag Administration, Chhukha had outstanding advances pertaining to *Moenlam Chhenmo Accounts* amounting to Nu. 0.165 million against individuals. The advances were released in between 2012-2016 for conduct of *Moenlam Chhenmo* activities. *(AIN: 16019; OB No.:30.2; Accountabilities: Direct: Tshering Nidup, Thrizin, CID No. 10203002306; Supervisory: Ugyen Chada, Cultural Officer, EID No. 200905024)*

Status: *Observation not settled.*

The outstanding advance of Nu.0.165 million remained unsettled. Accordingly, the Follow-Up reminder letter No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated 07.09.2021 was served.

The Dzongkhag Administration was asked to trace out the concerned officials or individuals responsible for the non-adjustment of the advance and recover the amount at the earliest.

- b) The Drungkhag Administration, Phuentsholing had outstanding Public Works Advances amounting to Nu. 0.152 million as on 30 June 2018 lying unadjusted

against the Accountant. (AIN: 16086; OB No.: 3; Accountabilities: Direct: Chhimi Dorji, Accountant, EID No. 9206009; Supervisory: Karma Rinchen, Drungpa, EID No. 9308053)

Status: Observation not settled.

An amount of Nu.0.152 million along with a 24% penalty stands recoverable as of date.

Further review of PEMS revealed that the outstanding amount of Nu. 130,400.00 was reported in observation No. 30 of AIN 15334 as well.

3.2.3. DZONGKHAG ADMINISTRATION, DAGANA

During the year 2019 the RAA had issued two audit reports of the Dzongkhag Administration Dagana and its Drungkhag. One report was issued with 'Qualified' opinion. There were 34 observations amounting to Nu. 66.896 million of which Nu. 6.132 million were resolved as of 31 January 2020 and Nu. 19.768 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and the unsettled irregularities of Nu. 0.127 million reported to the Parliament in March 2023 got resolved as of 29 Feb. 2024 as shown in the report below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.127	0.127	-	100
	Total	0.127	0.127	-	

The details of unsettled irregularities reported to the Parliament in March 2023 which got resolved as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies involving Nu. 0.127 million is as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.3	Non-liquidation of advances	0.127	0.127	-
	Total:	0.127	0.127	-

5.3 NON-LIQUIDATION OF ADVANCES

The Dzongkhag Administration, Dagana had not liquidated advances amounting to Nu. 0.427 million from the final bill of M/s Norbugang Construction in the extension of Guest House at Dagana. (AIN: 16425; OB No.:1; Accountabilities: Direct: Ngawang Dorji, Asst. Engineer, EID No. 20120100116; M/s Norbugang Construction, CDB No. 3007425; Supervisory: Jamyang Dorji, DE, EID No. 9207044)

Status: Observation settled.

Following the arbitral award No. ADRC/LD10/0028/2019, a sum of Nu. 300,887.00 was deposited into the Audit Recoveries Account on 04/02/2021 and the observation was considered as settled. To this, the Follow-up Report was issued vide letter No. RAA/OAAG(T)FUS-02/2022-2023/0056 dated 26 July 2023.

3.2.5. DZONGKHAG ADMINISTRATION, MONGGAR

During the year 2019, the RAA had issued one audit report of the Dzongkhag Administration, Monggar. There were 76 observations amounting to Nu. 10.529 million of which Nu. 0.629 million were resolved as of 31 January 2020 and Nu. 1.446 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 1.665 million reported to the Parliament in March 2023, Nu. 0.394 million was settled leaving a balance of Nu. 1.271 million as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-	-	100
5	Shortfalls, lapses and deficiencies	1.665	0.394	1.271	23.66
Total		1.665	0.394	1.271	23.66

The details of unsettled irregularities reported to the Parliament in March 2023 irregularities settled thereafter and unsettled balances as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu. 2.540 million were resolved as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Taking over of works without completion	-		Settled
	Total:			

4.1 TAKING OVER OF WORKS WITHOUT COMPLETION

- a) The Dzongkhag Administration, Monggar had taken over the construction of 64-bedded Hostel at Keydheykhar CS awarded to M/s Gayjure Construction, Monggar before the completion of the works in all respect and was liable for applicable liquidated damages as per the terms of the contract. (AIN: 16284; OB No.: 1.5; Accountabilities: Direct: Lobzang Tshering, Site Engineer, EID No. 200901074; M/s Gayjure Construction Pvt. Ltd., Monggar, CDB No. 1392; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: *Observstion settled.*

The observation has been settled based on the justifications provided vide letter No.MD/DES-01/2023/6696 dated 05/05/2023 and the completion report submitted alongwith pictorial evidence endorsed by the Dzongkhag Committee.

- b) The Dzongkhag Administration, Monggar had taken over the construction of Six-Unit classroom at Keydheykhar CS awarded to M/s Yongphel Builders, Monggar before the completion of the works in all respect and was liable for applicable liquidated damages as per the terms of the contract. (AIN: 16284; OB No.: 2.7; Accountabilities: Direct: Lobzang Tshering, Site Engineer, EID No. 200901074; M/s Yongphel Builders, CDB No. 3531; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: *Observstion settled.*

The observation has been settled based on the justifications provided vide letter No.MD/DES-01/2023/6696 dated 05/05/2023 and the completion report submitted alongwith pictorial evidence endorsed by the Dzongkhag Committee.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.271 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.271 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Payment for works not executed/incompletion of works	0.203	-	0.203
5.2	Excess/over payments	1.380	0.394	0.986

5.3	Double Payments	0.082	-	0.082
	Total:	1.665	0.394	1.271

5.1 RELEASE OF FINAL BILL BEFORE ACTUAL COMPLETION OF WORKS – NU. 0.203 MILLION

- h) The Dzongkhag Administration, Monggar had made payment of Nu. 0.074 million towards completion of toilet in the construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. Various items of works were not executed at site. *(AIN: 16284; OB No.: 5.9; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu, CDB No. 2953; Supervisory: Sonam Tashi, Dzongkhag Engineer, EID No.: 200801079)*

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- i) The Dzongkhag Administration, Monggar had made payment of Nu. 0.129 million for items not executed in the Construction of Principal Quarter, Dining Hall, Kitchen-cum-store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. Various items of works were not executed at site. *(AIN: 16284; OB No.:6.8; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

5.2 EXCESS/OVER PAYMENT – NU. 0.986 MILLION

- c) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.342 million for providing and laying RRM for site development works in the construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. *(AIN: 16284; OB No.:5.1; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation not settled.*

As against the total excess payment of Nu.0.342 million, a sum of Nu.0. 285 million (i.e. Nu. 109,066.87 plus Nu. 176,420.00) was deposited into ARA vide R/No.429707 dated 15/05/2020, thereby leaving a balance of Nu.0.057 million as of date. A reminder letter was served vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021 for the settlement of the balance amount.

- d) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.119 million in the Construction of Six-unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The excess payment had occurred due to acceptance of higher dimensions of the RCC works as against the dimensions stipulated in the drawings without the prior approval of the competent authorities. *(AIN: 16284; OB No.:5.2; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- e) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.137 million in the construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The excess payments had occurred due to non-deduction of RCC works from laying second class brick works in superstructure. *(AIN: 16284; OB No.:5.6; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- f) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.173 million for providing and laying RRM works for site development in the Construction of Principal Quarter, Dining Hall, Kitchen cum Store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. The excess payments had occurred due to difference in the quantities paid for and actually executed at site. *(AIN: 16284; OB No.:6.5; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No.:200801079)*

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- g) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.072 million for RRM in Septic Tank in the construction of Principal Quarter, Dining Hall, Kitchen cum Store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. The excess payment had occurred due to difference in the equantities paid for and actually executed at site. (AIN: 16284; OB No.:6.7; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: *Observation not settled.*

Nu.70,456.59 has been deposited vide R/No.429707 dated 15/05/2020 leaving a balance of Nu. 6,557.39 as of date.

- h) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.277 million in the Construction of Principal Quarter, Dining Hall, Kitchen cum Store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN: 16284; OB No.:6.9; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- j) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.069 million to M/s Mangalam Construction in the construction of 2 units RNR Staff Quarter Nagor under Silambi Gewog. The excess payments had occurred due to difference in the quantities claimed by the contractor and actual quantities executed at site. (AIN: 16284; OB No.:13; Accountabilities: Direct: Dorji Tshering, Site Engineer, EID No. 201101234; M/s Mangalam Construction, CBDNo. 1721; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- k) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.147 million to M/s Larjab Construction in the construction of Warden and

Matron Quarters at Nagor LSS due to non-deduction of RCC works from the Random Rubble Masonry in the superstructure. (AIN: 16284; OB No.:15; Accountabilities: Direct: Mr.Padam Bdr. Rai, AE, EID No.20120100121N; M/s Larjab Construction, CDB No. 4703; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation not settled.

Reminder letters were served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 and vide letter No.RAA/BT/Fus-01/2021/68 dated 14/10/2021, however, no ATR has been received as of date.

- l) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.109 million to M/s Ugyen Gatsel Construction in the construction of Footpath, Drainage and Chain link fencing for Drametse CS. The excess payments had occurred due to payment for MS Angle 55x55x6mm as against actual execution of MS Angle 50x50x5mm at site. (AIN: 16284; OB No.:21; Accountabilities: Direct: Tshewang Rinzin, Site Engineer, EID No. 9301052; M/s Ugyen Gatsel Construction, CDB No. 3956; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation settled.

The observation settled based on the Dzongkhag's letter No.MD/DES-01/2023/4538 dated 30/12/2022 and also based on the joint measurement report furnished by Dzongkhag Tender committees vide letter No.MD/DES-01/2020/032 dated 25/10/2019 indicating there was no excess payment made to the contractor.

5.3 DOUBLE PAYMENTS – NU. 0.082 MILLION

The Dzongkhag Administration, Monggar had made double payment of Nu. 0.082 million in the Construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The payment of RCC works in plinth beam was found made twice. (AIN: 16284; OB No.:5.7; Accountabilities: Direct: Kinley Penjor, Site Engineer, 16226EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation not settled.

The observation remains unsettled as no ATR has been received as of date.

3.2.6. DZONGKHAG ADMINISTRATION, PARO

During the year 2019, the RAA had issued one audit report of the Dzongkhag Administration, Paro. There were 17 observations amounting to Nu. 14.808 million of which Nu. 10.754 million were resolved as of 31 January 2020 and Nu. 0.168 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and all the unsettled irregularities reported to the Parliament in March 2023 were settled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.023	0.023	-	100
5	Shortfalls, lapses and deficiencies	0.849	0.849	-	100
	Total	0.872	0.872	-	100

The details of unsettled irregularities reported to the Parliament in March 2023 which were settled as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu. 0.023 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.2	Payment for works not executed (Penalty Portion)	0.023	0.023	Settled
	Total:	0.023	0.023	-

4.2 INADMISSIBLE PAYMENT FOR WORKS NOT EXECUTED NU.0.023 MILLION

The Dzongkhag Administration, Paro had made inadmissible payment of Nu. 0.184 million to M/s Tse Phug Construction, Thimphu in the construction of four-unit staff quarter at Gunitsawa PS. The lapses had occurred due to payment for items of works not executed at site and non-deductions of openings. *(AIN: 15794; OB No.:3.3; Accountabilities: Direct: Rinchen Tshering, AE, EID No. 200407007; M/s Tse Phug Construction, Thimphu, Contractor, CDB No. 2578; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)*

Status: *Observation settled.*

The principal amount of Nu. 184,082.91 was deposited with the RAA vide Receipt No. 03125 dated 25/06/2020. The accumulated 24% pa penalty of Nu. 23,300.36 was also deposited with the RAA vide Rt.No.01699 dated 29/11/2022. Further, appropriate administrative action was taken against the responsible officials by issuing a reprimand

letter vide No. PADZONG/HRM-24/2022-2023/9197 dated 21.06/2023. Based on the action taken the observation was resolved.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies involving Nu. 0.849 million as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.3	Excess booking and non-recovery of penalty	0.849	0.849	Settled
	Total:	0.849	0.849	-

5.3 EXCESS BOOKING AND NON-RECOVERY OF PENALTY

The Dzongkhag Administration, Paro had awarded the construction of Six-Unit classroom block at Khangkhu MSS to M/s Druk Dhoedjung Construction in December 2016 with contract duration expiring on 12 December 2017. However, the contractor could not complete the work and was terminated in July 2018.

Subsequently, the Dzongkhag Administration had booked an expenditure of Nu. 5.979 million and retained it as a draft at the end of FY 2017-18 prior to the Joint Measurement Committee's assessment of value of work done by the contractor. The assessed value amounted to Nu. 4.621 million with resultant excess booking of Nu. 1.358 million.

Further, the Dzongkhag Administration had also failed to recover Nu. 0.849 million on account of 20% penalty on value of incomplete works upon termination of contract, short deduction of security deposits and short levy of liquidated damages. (AIN: 15794; OB No.:11; Accountabilities: Direct: Kumar Subba, AE, EID No. 201101254; M/s Druk Dhoedjung Construction, CDB No. 4560; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

Status: *Observation settled.*

The case was put up to the Bhutan Alternative Dispute Resolution Centre (BADRC) and the final award was issued on 5th August, 2019. As per the award the tribunal directed that the respondent should pay to the claimant a total Nu. 849,458.00 only within 30 days calendar days counted from the date of issue of the award failing which the claimant shall be entitled interest on late payments @ 10% pa.

Subsequently, the contractor, M/s.Druk Dhoedjung Construction has deposited Nu. 597,899/- vide money receipt No.01922 dated 08/05/2023 and Nu. 347,082.50 vide Rt.No.02927 dated 23/06/2023 inclusive of Nu. 95,523.50, 10% pa accumulated penalty

on the balance principal amount of Nu. 251,559.00. Penalty on the principal amount of Nu. 597,899.00 was exempted by the 70th Advisory Committee as it was retained by the Dzongkhag as retention money of the contractor.

Based on the recoveries made the observation was resolved.

3.2.7. DZONGKHAG ADMINISTRATION, PEMAGATSHEL

During the year 2019, the RAA had issued two audit reports of the Dzongkhag Administration, Pemagatshel and its Drungkhag. The reports were issued with 'Qualified' opinion. There were 31 observations amounting to Nu. 14.539 million of which Nu. 6.462 million were resolved as of 31 January 2020 and Nu. 0.217 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the balance unsettled irregularities of Nu. 0.919 million reported to the Parliament in March 2023 remained unresolved as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.919	-	0.919	-
	Total	0.919	-	0.919	-

The details of unsettled irregularities reported to the Parliament in March 2023 which remained unsettled as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.919 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.919 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Un-realised loans/advances from Moenlam Chhenmo Accounts	0.919	-	0.919
	Total:	0.919	-	0.919

5.1. UNREALIZED LOAN/ADVANCES FROM MOENLAM CHHENMO ACCOUNT – NU. 0.919 MILLION

The Dzongkhag Administration, Pemagatshel had cases of un-realised loans/advances amounting to Nu. 5.929 million granted to three contractors on interest @ 4% per

month out of *Moenlam Chhenmo* Account. Loans/advances had remained overdue ranging from one year to four years. (AIN: 15896; OB No.:7; Accountabilities: Direct: Norbu Tenzin, Cultural Officer, EID No. 200505006; Supervisory: Phuntsho, Dzongdag, EID No. 8709017)

Status: *Observation not settled.*

The total amount was corrected to Nu 5,928,507.00 instead of Nu. 6,028,507.00 after confirming from team leader on 01/12/2021. Out of Nu. 5,928,507.00, the amount of Nu. 2,188,822.00 was deposited into Melom Chhenmo Account vide Deposit Form of BOB, Pemagatshel dated 10.06.2019 (Nu. 1,400,000.00), Deposit Form dated 12.09.2019 (Nu. 207,560.00) , Nu. 101,431.00 recovered vide letter No. NDA/Accts-04/2018-2019/1132 dtd. 12/12/2018 & Nu. 479,831.00 vide letter No. DG/Acctws-01/2017-2018/68 dt. 09/03/2018.

The amount of Nu. 2,820, 947.00 was dropped based on the justifications provided vide letter No. PG/HRS-5/2021-22/1829 dated 1.12.2021 and as per the verdict of the Supreme Court, No. Ngan Tho(Ho18-22) dated 31.12.2018 (waive off 4% penalty). Further, the Advisory Committee decided not to levy 24% interest on the recoverable amount. Therefore, Dzongkhag Administration Pemagatshel needs to recover the balance amount of Nu. 918,738.00 and deposit into Moelam Chenmo account. A Follow up Report No. RAA/OAAG-SJ(AR-30)DA-Pgatshel/2022/1575 dated 14.04.2022 was served.

However, the balance amount of Nu. 918,735 was not deposited and the matter was put up in Royal Court of Justice, Punakha after former Cultural Officer of Pema Gatshel Dzongkhag was transferred to Punakha Dzongkhag and awaits for the court verdict.

3.2.8. DZONGKHAG ADMINISTRATION, SAMDRUP JONGKHAR

During the year 2019, the RAA had issued three audit reports of the Dzongkhag Administration, Samdrup Jongkhar and its Drungkhags. Two reports were issued with 'Qualified' opinion. There were 74 observations amounting to Nu. 148.789 million of which Nu. 12.925 million were resolved as of 31 January 2020 and Nu. 0.031 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the the unsettled irregularities of Nu. 133.688 million reported to the Parliament in March 2023, a sum of Nu. 5.275 million was settled leaving a balance of Nu.128.413 million as on 29 February 2024 as shown in the report below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	0.800	-	0.800	-
2	Embezzlement	7.926	-	7.926	-
4	Non-compliance to laws and rules	8.958	3.525	5.433	39.35
5	Shortfalls, lapses and deficiencies	116.004	1.750	114.254	1.51
	Total	133.688	5.275	128.413	3.95

The details of unsettled irregularities reported to the Parliament in March 2023 irregularities settled thereafter and unsettled balances as on 29 February 2024 are as discussed below:

1. FRAUD AND CORRUPTION - NU. 0.800 MILLION

The case of elements of fraud and corruption involving Nu. 0.800 million is as indicated below:

1.1 MISAPPROPRIATION OF FUNDS – NU. 0.800 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated funds as follows:

- a) The contractor's bill was inflated by Nu. 0.400 million in the construction of approach road and maintenance of RNR staff quarter under Martshala Gewog. As against the contract value of Nu. 0.456 million, the final value of work verified and passed by the concerned site engineer was Nu. 0.401 million. However, the Accounts Assistant had deliberately booked Nu. 0.801 million. *(AIN: 16344; OB No.:6 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Sangay Gyeltshen, Acctt. Asstt., EID No. 2018011519)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken as per the recommendations of RAA on those employees for indirectly aiding him in embezzling the funds, despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) A cheque for Nu. 3.000 million was issued for Martshala CS instead of Nu. 0.300 million of which only Nu. 2.700 million was deposited into Martshala CS's account. The balance amount of Nu.0.300 million was deposited in the Accounts Assistant's personal Savings Account. (AIN: 16344; OB No.:7 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Sangay Gyeltshen, Acctt. Asstt., EID No. 2018011519)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- c) The vegetable supplier's bill for Karmaling HSS was inflated by Nu. 0.100 million by pre-fixing digit '1' in front of Nu. 0.050 million and making it Nu. 0.150 million. The excess amount of Nu. 0.100 million was confirmed to have been handed over in cash to the Accounts Assistant by the vegetable supplier after withdrawing from the bank. (AIN: 16344; OB No.:12 (Part-II A); Accountabilities: Direct: Wangchuk Dorji,

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2. EMBEZZLEMENT - NU. 7.926 MILLION

The cases with elements of embezzlement involving Nu. 7.926 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/ Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
2.1	Misappropriation of Pay and Allowances	3.254	-	3.254
2.2	Misappropriation of Leave Encashment and LTC	0.304	-	0.304
2.3	Deposit of Rigsungpas Salary into personal account	0.058	-	0.058
2.4	Misuse of funds	1.398	-	1.398
2.5	Misuse of TA/DA	1.083	-	1.083
2.6	Withdrawal of fund in excess of actual requirements	0.050	-	0.050
2.7	Misuse of Loan deductions and inadmissible payments	0.127	-	0.127
2.8	Amount deposited into Personal Saving Account	0.291	-	0.291
2.9	Encashment of cancelled cheque	0.032	-	0.032
2.10	Misappropriation of electricity bill	0.014	-	0.014

2.11	Misuse through direct booking of expenditure	0.102	-	0.102
2.12	Misappropriation of House Rent remittances	0.064	-	0.064
2.13	Misuse through double payment of transfer grants	0.132	-	0.132
2.14	Payment without supporting documents	1.017	-	1.017
	Total:	7.926	-	7.926

2.1. MISAPPROPRIATION OF PAY AND ALLOWANCES – NU. 3.254 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated Pay and Allowances as follows:

- a) Nu. 3.152 million was misappropriated by including ghost employees in the payroll and the payments were deposited into his personal Savings Account. He had intentionally deposited excess salary for other officials and later asked them to deposit the excess amounts into his personal Savings Account and his spouse. Similarly, he had also credited excess monthly salaries for himself and spouse.

The *modus operandi* adopted was preparation of salary schedules in MS excel sheet instead of preparing in PEMS as required by financial norms. (AIN: 16344; OB No.:1 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Lamdon, OA, EID No. 201003023; Mon Bdr. Gurung, Ex-Gup, CID No. 11110000068; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) Salaries amounting to Nu. 0.102 million were misappropriated by including ghost employees and impersonation in the salary sheet, enhancing employees' monthly salary at the time of disbursement and later asking concerned officials to refund the excess amount into his personal Savings Account.

The *modus operandi* adopted was preparation of salary schedules in MS excel sheet instead of preparing in PEMS as required by financial norms. (AIN: 16344; OB No.:1 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.2 MISAPPROPRIATION OF LEAVE ENCASHMENT AND LTC – NU. 0.165 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated leave encashment and Leave Travel Concession (LTC) as follows:

- a) LTC of Nu.0.075 million was misappropriated by impersonating himself as an employee under different sectors. LTC payment was also made against two Gewog Administrative Officers who were on Extra Ordinary Leave (EOL) and the amounts were deposited into his personal Savings Account. (AIN: 16344; OB No.:3 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) LTC and Leave Encashment amounting to Nu. 0.064 million was misappropriated by claiming from both the Dzongkhag Administration and Samdrupcholing Drungkhag. The Account Assistant had also claimed more than his actual entitlements for leave encashment and LTC. (AIN: 16344; OB No.:2 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Sr. Dzongrab, EID No. 9308038; Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Lakdhen, Accts. Officer, EID No. 200901066)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.3 DEPOSIT OF RISUNGPAS SALARY INTO PERSONAL SAVINGS ACCOUNT – NU. 0.058 MILLION

- a) The Account Assistant of Drungkhag Administration, Samdrupcholing had deposited monthly salary of *Risungpas* amounting to Nu. 0.013 million into his personal Savings Account which confirmed that salaries were not disbursed to *Risungpas*. Further, requisite documents were not maintained to substantiate the release of payment to intended beneficiaries. (AIN: 16344; OB No.:8 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated salary of *Risungpas* amounting to Nu. 0.045 million by issuing self cheque and depositing into his personal Savings Account. There was no original payment voucher authenticating further disbursement to *Risungpas*. (AIN: 16344;

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.4 MISAPPROPRIATION OF FUNDS – NU. 1.398 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated fund as follows:

- a) Nu. 0.031 million was misappropriated by enclosing the same bills twice on 31 January 2018 and 28 February 2018. The double claim under subsequent voucher was done along with VIP related expenditure bills as it pertained to patient diet of Samdrupcholing BHU. (AIN: 16344; OB No.:13 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) Nu. 0.100 million was misappropriated on account of stipend of Martshala CS. No bills/cash memos were available for verification and the amounts were found deposited into his personal Savings Account. (AIN: 16344; OB No.:4 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Lakdhen, Acctts. Officer, EID No. 200901066)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- c) Nu. 0.145 million was misappropriated by creating fictitious bill against M/s Karma Yangchen Logging. The Cheque was found encashed by the accountant himself by depositing Nu. 0.059 million into his personal Savings Account and Nu. 0.086 million into account of the person who is not regular client of the Drungkhag. (AIN: 16344; OB No.:12 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- d) Nu. 0.282 million was misappropriated pertaining to stipend without supporting documents. Against the total booking of Nu. 0.555 million, Nu. 0.273 million pertained to TA/DA claims of the School staff under Samdrupcholing Drungkhag, while Nu. 0.282 million pertained to stipend. However, the stipend bills were not available for verification and the amount of Nu. 0.282 million was found deposited in his personal Savings Account. (AIN: 16344; OB No.:7.2 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji

has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- e) Nu. 0.248 million was misappropriated on account of stipend and Rural Life Insurance by depositing into his personal Savings Account. Nu. 0.126 million pertained to stipends and Nu. 0.122 million pertained to Rural Life Insurance. The original payment vouchers were not supported by attendance sheets of students, duly verified forms, bills/cash memos by Gup and Census Officer. (AIN: 16344; OB No.:3 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Tenzin Phuntsho, Acctts. Officer, EID No. 20130101125; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu.

2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- f) Nu. 0.075 million was misappropriated on account of Rural Life Insurance by depositing into his personal Savings Account. There were no evidences of having disbursed the amounts to legitimate claimants. *(AIN: 16344; OB No.:5 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lakdhen, Acctts. Officer, EID No. 200901066, Tshewang Rinzin, HRO, EID No. 20130101095)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- g) Nu. 0.360 million was misappropriated on account of Rural Life Insurance. The amount was disbursed as an advance for Rural Life Insurance in the name of dealing accountant and later adjusted without supporting documents like death certificates, authorization letter from Gewog Administration etc. There were no evidences on record of having disbursed to legitimate claimants. Further, the advance availed for Rural Life Insurance was found adjusted from the Budget Head '5.01 – Stipend' leading to wrong booking as well. *(AIN: 16344; OB No.:6 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270)*

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- h) Nu. 0.157 million was misappropriated from fund pertaining to stipend of Martshala PS and Karmaling HSS and Rural Life Insurance without supporting documents. The whereabouts of fund was not ascertainable. (AIN: 16344; OB No.:11 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Sonam Dorji, Acctts. Asstt., EID No. 9504021)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

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The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu.

2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.5 MISUSE OF TA/DA – NU. 0.908 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated TA/DA funds as follows:

- a) Nu. 0.036 million was double booked vide cheque No. 001145 dated 20 December 2017 and cheque No. 001306 dated 27 December 2017. While the second cheque was supported with complete documents, the first cheque did not have supporting documents. The employee immediately informed to the Account Assistant having received the amount twice. Subsequently, the employee was asked to refund the amount to his personal Savings Account. However, the Account Assistant never restituted the amount into government account. *(AIN: 16344; OB No.:9.1 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) Nu. 0.149 million was withdrawn as TA/DA of Drungkhag officials vide Cheque No. 000297 dated 4 September 2017 through office driver. The Accounts Assistant had asked the driver to deposit Nu. 0.100 million into Accounts Assistant's personal Savings Account and balance of Nu. 0.049 million was handed over in cash. *(AIN:*

16344; OB No.:9.2 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- c) Nu. 0.086 million was misappropriated by way of preparing cheque in the name of Principal on 17 August 2017 for TA/DA of staff of Sarjung PS. However, the amount was found deposited into his personal Savings Account. Further, original payment voucher with supporting documents such as approved travel authorization and travel claims were not available for verification. There were no evidences of having paid the amount to staff of the school as indicated in the payment voucher. (AIN: 16344; OB No.:9.3 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- d) Nu. 0.043 million was misappropriated by way of inflating the TA/DA amount of the driver of Martshala Gewog. The Accounts Assistant had given the driver a cheque for Nu. 0.047 million and asked the driver to retain his TA/DA claims of Nu. 4,000.00 and deposit the balance into the Accounts Assistant's personal Savings Account. There were no supporting documents and original vouchers for the amount deposited into the Accounts Assistant's personal Savings Account. (AIN: 16344; OB No.: 9.4 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- e) Nu. 0.106 million was misappropriated by inflating TA/DA claims of the employees. As against the total booking of Nu. 0.193 million on 24 September 2017, only Nu.

0.077 million was found deposited into the accounts of claimants. From the balance, Nu. 0.010 million was found paid to incumbent Gup of Pemathang Gewog and Nu. 0.106 million was found deposited into Accounts Assistant's personal Savings Account. (AIN: 16344; OB No.: 9.5 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to reconstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- f) Nu. 0.113 million was misappropriated by way of inflating the TA/DA amounts of employees, booking TA/DA in the names of employees who are not part of Drungkhag payroll and claiming TA/DA by Accounts Assistant himself without travel authorization, travel claim bills and other supporting documents. (AIN: 16344; OB No.: 9.6 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As against Nu.0.113 million, Mr. Kuenga Dorji, Accts. Asstt. had deposited Nu.0.021 million into ARA vide receipt No. A01104 of 29/06/2020 along with 24% penalty leaving a balance amount of Nu. 91,820.68 million as of date.

The High Court verdict issued on 1 dated 3/12/2021. According to the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at

imprisoned and couldn't recover the amount till date.ATR reminder send vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 of 29/11/2023

- g) As against the TA/DA claim of employees amounting to Nu. 0.152 million, Nu. 0.146 million was paid to claimants and balance of Nu. 5,550.00 retained with the Accounts Assistant. *(AIN: 16344; OB No.: 9.9 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- h) As against the withdrawal of Nu. 0.039 million, the verified claim of incumbent Gup of Samrang Gewog amounted to Nu. 0.029 million only and balance amount of Nu. 0.010 million was handed over to the Accounts Assistant. *(AIN: 16344; OB No.: 9.10 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- i) Nu. 0.169 million was misappropriated through fictitious claims of TA/DA, passing claims more than actual, and claims without supporting documents which was deposited into his personal Saving Account. (AIN: 16344; OB No.: 7.1 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accounts Assistant, EID No. 200807270; Supervisory: Lobzang Dorji, Senior Dungpa, EID No. 8801079; Wangchu Dorji, Senior Dzongrab, EID No. 9308038; Sonam Dorji, Accounts Assistant, EID No. 9504021)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- j) Nu. 0.160 million was misappropriated from TA/DA claims of 30 June 2017. There were no records to substantiate the disbursement of the amount to legitimate claimants nor was it available as cash balance. (AIN: 16344; OB No.: 7.4 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- k) Nu. 0.030 million was misappropriated from funds disbursed on 26 October 2018 on account of TA/DA to Gup, Gaydrungs and caretaker. Further, the amount was deposited into his personal Savings Account instead of crediting the amount into the respective individual claimants' account. (AIN: 16344; OB No.:7.5 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Wangchuk Dorji, Sr. Dzongrab, EID No. 9308038; Sonam Dorji, Accts. Asstt., EID No. 9504021)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.6 WITHDRAWAL OF FUND IN EXCESS OF ACTUAL REQUIREMENTS – NU. 0.050 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated Nu. 0.050 million by overbooking TA/DA payment of Samdrupcholing Basic Health Unit staff. The Accounts Assistant had asked the Ambulance driver to withdraw Nu. 0.256 million from the bank and handover Nu. 0.201 million to the BHU Doctor. The balance of Nu. 0.055 million was deposited into the Accounts Assistant's personal Saving Account of which Nu. 5,000.00 was found transferred to the bank account of Malaria Technician, Pemathang BHU. (AIN: 16344; OB No.: 9.8 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu.

2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.7 MISUSE OF LOAN DEDUCTIONS AND INADMISSIBLE PAYMENTS – NU. 0.127 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated loan remittances amounting to Nu. 0.059 million by not remitting into respective loan accounts after deduction from monthly salary of one Contract Teacher of Martshala CS.

Further, the Accounts Assistant had also made inadmissible payments amounting to Nu. 0.068 million against the same teacher on account of Teaching Allowance, Pay Arrears and 50% Contract Allowance payment instead of the entitled 30%. *(AIN: 16344; OB No.:11 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Nima Dorji, Teacher, EID No. 201103003; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.8 AMOUNT DEPOSITED INTO PERSONAL SAVING ACCOUNT – NU. 0.291 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had deposited Nu. 0.291 million into his personal Savings Account. The amount pertained to stipend, National Day Celebration, Rural Life Insurance and TA/DA payment of Education sector. There were no evidences of having disbursed to legitimate claimants. (AIN: 16344; OB No. 9 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Sonam Dorji, Acctts. Asstt., EID No. 9504021; Tenzin Phuntsho, Acctts. Officer, EID No. 20130101125)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.9 ENCASHMENT OF CANCELLED CHEQUE – NU. 0.032 MILLION

The Drungkhag Administration, Samdrupcholing had cancelled cheque No. 345346 in the PEMS. However, the same cheque was found presented to bank for encashment on 14 June 2017 for an amount of Nu. 0.032 million and deposited into the account of the accountant. (AIN: 16344; OB No.: 10 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Kinzang Chopel, Admn. Asstt., EID No. 201004029)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.10 MISAPPROPRIATION OF ELECTRICITY BILL – NU. 0.014 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated electricity charges by indicating as reimbursement made to him for an amount of Nu. 0.014 million without documents like energy charges bills. The amount was found deposited into his personal Savings Account. (AIN: 16344; OB No.:13 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.11 MISUSE THROUGH DIRECT BOOKING OF EXPENDITURE – NU. 0.102 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had deposited Nu. 0.102 million vide Cheque No. 345387 dated 14 June 2017 and cheque No. 345352 dated 14 June 2017 into his personal Savings Account. (AIN: 16344; OB No.:14 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Kinzang Chopel, Admn. Asstt., EID No. 201004029)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.12 MISAPPROPRIATION OF HOUSE RENT REMITTANCES – NU. 0.064 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated government house rent remittances amounting to Nu. 0.064 million. The dealing accountant instead of depositing the remittances into respective account had deposited into his personal Savings Account. (AIN: 16344; OB No.:15 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270 ; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.13 MISUSE THROUGH DOUBLE PAYMENT OF TRANSFER GRANTS – NU. 0.132 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had intentionally double booked transfer grants of six teachers of various schools amounting to Nu. 0.132 million. The actual transfer grants were disbursed under different vouchers of December 2016 and January 2017. However, the transfer grants for same teachers were again found booked vide voucher No. 143 dated 08 March 2017. (AIN: 16344; OB No.:18 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Sonam Dorji, Acctts. Asstt., EID No. 9504021; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of

the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

2.14 PAYMENT WITHOUT SUPPORTING DOCUMENTS – NU. 0.993 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had made payments without supporting documents as follows:

- a) As against the total disbursement of Nu. 0.097 million only Nu. 0.024 million was found genuine and supported with bills and office orders. The balance of Nu. 0.073 million was booked under different budget activities without supporting documents. The cheque was found issued in the name of Accounts Assistant. (AIN: 16344; OB No.:4 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- b) Nu. 0.016 million was booked on account of TA/DA to one of the Assistant Engineer without supporting documents. The amount was transferred into his personal Savings Account. (AIN: 16344; OB No.:5 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz1628-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- c) TA/DA claims of Nu. 0.091 million were booked vide DV No. 8.98 dated 31 August 2017 without supporting documents such as travel authorization, travel claim bills and tour report. (AIN: 16344; OB No.:9.7 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of

pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- d) TA/DA of Nu. 0.061 million was claimed without supporting documents. The amount was found deposited into his personal Savings Account. *(AIN: 16344; OB No.:7.3 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- e) Nu. 0.105 million were found adjusted against various employees without supporting documents. Further verification of adjustments revealed that advances were recovered from above employees on installment basis from monthly salary. However, the amounts so recovered were found credited into his personal Savings Account. *(AIN: 16344; OB No.:8 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- f) Nu. 0.438 million was embezzled and deposited directly into his personal Savings Account vide Cheque No. 582722 of 30 June 2017. Original payment vouchers and related supporting documents were not available. The cheque was prepared in the name of dealing accountant. (AIN: 16344; OB No.:16 (Part-II B); Accountabilities: Direct: Jamyang Gyeltshen, Gup, CID No. 11109000378; Supervisory: Ugyen Wangchuk, GAO, EID No. 201105018)

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- g) Nu. 0.162 million was disbursed vide voucher No. 5.65 dated 01 May 2017 for supply of vegetables to Martshala CS. Original payment vouchers with supporting documents were not available for verification. *(AIN: 16344; OB No.:17 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Sonam Dorji, Acctts. Asstt., EID No. 9504021; Tshewang Rinzin, HRO, EIDNo. 20130101095)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

- h) Nu. 0.047 million was disbursed on account of TA/DA during Local Government Election on 05 October 2016. However, no supporting documents such as Travel Authorization, Travel Claims were available for verification. *(AIN: 16344; OB No.:19 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Sonam Dorji, Acctts. Asstt., EID No. 9504021; Tshewang Rinzin, HRO, EID No. 20130101095)*

Status: *Observation not settled.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 5.433 MILLION

The cases of non-compliance to laws and rules involving Nu. 5.433 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.2	Outstanding Advances	2.229	-	2.229
4.3	Non-recovery of 20% penalty for incomplete works	3.204	-	3.204
4.4	Non-forfeiture of performance security deposits	3.525	3.525	-
	Total:	8.958	3.525	5.433

4.2 OUTSTANDING ADVANCES – NU. 2.229 MILLION

The Dzongkhag Administration, Samdrup Jongkhar had outstanding mobilization and materials advances amounting to Nu. 2.229 million against M/s Deki Builder Pvt. Ltd. for construction of 120-bedded Hostel and Kitchen-cum-store at Garpawoong MSS. The Dzongkhag Administration had failed to settle the advance upon termination of the contract. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.: 6.1; Accountabilities: Direct: Geduen Dema, AE, EID No. 200807188; M/s Delek Builder Pvt. Ltd., CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022; Pema Dorji, Dzongrab, EID No. 9607074; Rinchen Gyeltshen, DEO, EID No. 9108071; Tenzin Phuntsho, FO, EID No. 20130101125; Chador Phuntsho, DE, EID No. 9102052)

Status: *Observation not settled.*

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in

favour of the Dzongkhag. The contractor has absconded and could not be arrested even after the 3rd arrest warrant dated 28/07/2021 issued by Samdrupjongkhar Court.

However, the ATR reminder was served vide No. OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/717 of 29/11/2023.

4.3 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS – NU. 3.204 MILLION

The Dzongkhag Administration, Samdrup Jongkhar had not realized Nu. 3.204 million from M/s Delek Builder Pvt. Ltd., 20% on the value of incomplete works in line with contract agreement upon termination of the contract in the construction of 120-bedded Hostel and Kitchen-cum-store at Garpawoong MSS. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.:6.3; Accountabilities: Direct: Gaduen Dema, AE, EID No. 200807188; M/s Delek Builder Pvt. Ltd., CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022; Pema Dorji, Dzongrab, EID No. 9607074; Rinchen Gyeltshen, DEO, EID No. 9108071; Tenzin Phuntsho, FO, EID No. 20130101125; Chador Phuntsho, DE, EID No. 9102052)

Status: *Observation not settled.*

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in favour of the Dzongkhag. The contractor has absconded and could not be arrested even after the 3rd arrest warrant dated 28/07/2021 issued by Samdrupjongkhar Court.

However, the ATR reminder was served vide No. OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/717 of 29/11/2023.

4.4. NON-FORFEITURE OF PERFORMANCE SECURITY DEPOSITS – NU. 3.525 MILLION

a) The Dzongkhag Administration, Samdrup Jongkhar had not forfeited the Performance Security amounting to Nu. 3.204 million upon termination of the contract in the construction of 120 bedded Hostel and Kitchen-cum-store at Garpawoong MSS. M/s Delek Builder Pvt. Ltd. was awarded the contract in February 2016 and scheduled to be completed on 22 August 2017, but had failed to comply with the contract agreement with resultant termination of the contract on 9 April 2018. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.:6.4; Accountabilities: Direct: Gaduen Dema, AE, EID No. 200807188; M/s Delek Builder Pvt. Ltd., CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022; Pema Dorji, Dzongrab, EID No. 9607074; Rinchen Gyeltshen, DEO, EID No. 9108071; Tenzin Phuntsho, FO, EID No. 20130101125; Chador Phuntsho, DE, EID No. 9102052)

Status: *Observation settled.*

The observation settled during the HAGs visit to Samdrupjongkhar Dzongkhag on 17/8/2023 based clarification and records produce during review meeting chaired by HAG on 17/8/2023.

- b) The Dzongkhag Administration, Samdrup Jongkhar had not forfeited the Performance Security amounting to Nu. 0.321 million upon termination of the contract due to expiry of validity of Bank Guarantee in the construction of flood protection works along Chukharpo stream, Phase-II at Jomotshangkha. M/s KandK Construction, Trashigang was awarded the contract in February 2018, but the contractor had failed to start the work even in June 2018 despite several reminders which resulted in termination of contract in 21 June 2018. The Dzongkhag Administration had failed to exercise due diligence in reviewing the validity of the Bank Guarantee. *(AIN: 15978; OB No.:9.2; Accountabilities: Direct: Tashi Phuntsho, AE, EID No. 201101232; M/s K and K Construction, Trashigang, CDB No. 1753; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507333)*

Status: *Observation settled.*

Theo observation settled during the HAGs visit to Samdrupjongkhar Dzongkhag on 17/8/2023 based clarification and records produce during review meeting chaired by HAG on 17/8/2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 114.254 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 114.254 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.3	Excess interim bill payments to the contractor	1.750	1.750	-
5.5	Payment made without supporting documents	9.412	-	9.412
5.6	Missing disbursement vouchers	104.842	-	104.842
	Total:	116.004	1.750	114.254

5.3 EXCESS INTERIM BILL PAYMENTS TO CONTRACTOR

The Dzongkhag Administration, Samdrup Jongkhar had made excess payment of Nu. 1.750 million to M/s Delek Construction in the construction of 120-bedded Hostel and Kitchen-cum-store at Garpawoong MSS. The lapses had occurred due to release of excess payments in RA Bills as against actual quantities of work executed at site. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. *(AIN: 15978; OB No.:6.2; Accountabilities: Direct: Geduen Dema, AE, EID No. 200807188; M/s Delek*

Construction, CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022)

Status: Observation settled.

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in favour of the Dzongkhag.

However, as the contractor has absconded and could not be arrested even after the 3rd arrest warrant dated 28/07/2021 issued from Samdrupjongkhar Court.

However, finally the amount of Nu. 1,732,183.00 deposited vide receipt No. A01396 dated 21.06.22 and the balance Nu. 17,517.00 was deposited vide receipt NO. A01413 dated 29.07.2022. Hence observation was settled.

5.5 PAYMENT WITHOUT SUPPORTING DOCUMENTS – NU. 9.412 MILLION

The Drungkhag Administration, Samdrupcholing had booked expenditure aggregating to Nu. 9.412 million on account of various expenses without supporting documents for the FYs 2016-17 and 2017-18. (AIN: 16344; OB No.: 1 (Part-I A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Accts. Asstt., EID No. 200807270)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

The Drungkhag Administration, Samdrupcholing had cases of missing vouchers valuing Nu. 104.842 million for the FY 2016-17 and 2017-18 on account of various expenses. The expenses were found reflected in the Cash Book but the disbursement/Journal/other and reversal vouchers were not physically available. (AIN: 16344; OB No.:2 (Part-I A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Accts. Asstt., EID No. 200807270)

Status: Observation not settled.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audit.

To this end, necessary administrative actions were taken on those employees as per the recommendations of RAA for indirectly aiding him in embezzling the funds despite proving them innocent. However, the Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

The Court verdict was issued on dated 13/12/2021. In accordance with the verdict, Wangchuk Dorji has been imprisoned for 7 years and also ordered to reinstitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict. However, accused Wangchuk Dorji is still at prison and couldn't recover the amount till date. ATR reminder letter was served vide No OAAGSJ/Follow-Up-01)Dz-SJONGKHAR/2022-2023/716 dated 29/11/2023.

3.2.10. DZONGKHAG ADMINISTRATION SARPANG

The unsettled irregularities of Nu. 0.103 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as shown in the table below.

SL No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.103	-	0.103	
	Total:	0.103	-	0.103	-

The details of unsettled irregularities as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.103 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.103 million is as indicated below:

5.1. NON-RECOVERY OF OUTSTANDING ADVANCE UPON TERMINATION OF CONTRACT – NU. 0.103 MILLION

The Dzongkhag Administration, Sarpang had not recovered outstanding advance amounting to Nu. 0.103 million from M/s Ninda Karsoom Construction, Gelephu pertaining to major renovation of classrooms building and development of football ground at Lharing PS upon termination of the contract. Although the Dzongkhag subsequently forfeited the contractor's performance bond, cash warrant of differential amount and retention money of interim bills, these were not enough to adjust the excess payment. (AIN: 16157; OB No.: 1; Accountabilities: Direct: Sigyel Wangchuk, JE, EID No. 20140103486; M/s Ninda Karsoom Construction, Gelephu, CBD No. 7928; Supervisory: Sangay Tenzin, Chief DE, EID No. 8808028)

Status: Observation not settled.

The Dzongkhag Court, Sarpang has issued verdict in favor of Dzongkhag Administration. The case has been put up for the enforcement of the judgement. A Follow up reminder letter was served vide letter No. RAA/OAAG(T)/AR/SD/2022-2023/0393 dated 29 June 2023.

3.2.13. DZONGKHAG ADMINISTRATION, TRASHIYANGTSE

The Dzongkhag Administration had unsettled irregularities of Nu. 5.211 million reported to the Parliament in March 2023; out of which Nu.0.790 million was settled leaving an unsettled balance of Nu.4.421 million as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	2.664	-	2.664	-
5	Shortfalls, lapses and deficiencies	2.547	0.790	2.547	31.02
	Total:	5.211	0.790	4.421	15.16

The details of irregularities settled and balances as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.664 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.664 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Retention of fund under Closed Works Account	2.664	-	2.664
	Total:	2.664	-	2.664

4.1 RETENTION OF FUND UNDER CLOSED WORKS ACCOUNT – NU. 2.664 MILLION

The Dzongkhag Administration, Trashiyangtse had retained Nu. 2.664 million under Closed Work Account during the FY 2017-18 for the construction of internal water pipeline at Duksum. However, despite closure of the subsequent FY 2018-19, the Dzongkhag Administration had not settled the closed work account. (AIN: 15891; OB No.: 1; Accountabilities: Direct: Tashi Rabten, Junior Engineer, EID No. 200807179; M/s Dawa Zangpo Construction, CDB No. 7184; Supervisory: Rinchen Laydra, Assistant Engineer, EID No. 9907022)

Status: Observation not settled.

As per ATR submitted vide letter No. Yangdzong/Zorig(04) 2021-2022/7083 dated 16/02/2023 the work booked under closed work (Sl.No. 2) is later completed by M/s Tsenkharla Construction as Dawa Zangpo Construction failed to complete the work. The arbitration instructed Dawa Zangpo Construction to refund a amount of Nu. 3,394,639.10 which is still pending as of date. Until such time, the said amount is recovered, the para shall remain unresolved. To this, the ATR reminder letter No. OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023 was served.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.757 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.757 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Non-surrender of Fund balance	0.558	0.558	
5.2	Excess Payments	0.630	0.232	0.398
5.3	Non-Recovery of 20% penalty for incomplete works	1.359	-	1.359
	Total:	2.547	0.790	1.757

5.1 NON-SURRENDER OF FUND BALANCES

The Dzongkhag Administration, Trashiyangtse had not surrendered unspent fund balance of Nu. 0.558 million pertaining to River Training works at *Serkang Chhu* - Phase I to the Department of Public Account despite settling the final bill. The amount was initially retained under Closed Work Account. (AIN: 15891; OB No.:2; Accountabilities:

Direct: Tashi Rabten, Junior Engineer, EID No. 200807179; Supervisory: Rinchen Dorji, Finance Officer, EID No. 20150104953)

Status: *Observation settled.*

An amount of Nu. 190,580.50 and Nu. 342,036.45 were deposited into ARA vide receipt No.A-01450 dated 09.06.2023 and receipt No.A-01454 dated 01.07.2023 respectively.

The remaining amount of Nu. 25,896.05 was dropped during Auditor General's visit to Trashiyangtse Dzongkhag on 22.08.2023 based on the explanation and assurance provided by the Dzongkhag Administration that such lapses shall not occur in the future.

5.2 EXCESS PAYMENTS – NU. 0.398 MILLION

- a) The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu. 0.398 million to M/s Lungkhor Construction for works not executed at site in the River Training wall at *Serkang Chhu* - Phase II. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site for plum concrete works. *(AIN: 15891; OB No.:7; Accountabilities: Direct: Tashi Rabten, Junior Engineer, EID No. 200807179; M/s Lungkhor Construction, CDB No. 4793; Supervisory: Rinchen Dorji, Finance Officer, EID No. 20150104953)*

Status: *Observation not settled.*

The ATR reminder letter No. OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023 was served for expediting the submission of ATR.

- b) The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu.0.232 million to M/s KTP Construction for the construction of steel frame Multipurpose Hall at Trashiyangtse LSS. The lapses had occurred due to acceptance of excess claim of dimensions in the footing works, application of wrong standard conversion weight for reinforcement bars, excess claims of number of RCC footing pads and short deductions of lump sum rebate. Further, cracks between RCC column and CRM wall was also noted requiring immediate rectification. *(AIN: 15891; OB No.:14; Accountabilities: Direct: Damodar Adhikari, JE, EID No. 20130101893; M/s KTP Construction, CDB No. 5465; Supervisory: Tshering Wangchuk, Principal Engineer, EID NO. 9307023)*

Status: *Observation settled.*

The amount of Nu. 425,285.71 (including penalty) was deposited vide receipt No. A-01441 dated 11/01/2023 and the observation settled.

5.3 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS – NU. 1.359 MILLION

The Dzongkhag Administration, Trashiyangtse had not recovered 20% on the value of works not completed and mobilisation advance amounting to Nu. 1.359 million from the construction of Four-Unit Staff Quarter at Kheni LSS awarded to M/s Lhawang Gyajin Construction, Trashiyangtse upon termination of the contract. The case is under Royal Court of Justice, Trashiyangtse. (AIN: 15891; OB No.:9; Accountabilities: Direct: Namgay Phuntsho, JE, EID No. 20140103499; M/s Lhawang Gyajin Construction, CDB No. 5007; Supervisory: Tshering Wangchuk, Principal Engineer, EID No. 9307023)

Status: Observation not settled.

The ob is under legal suit and decision of court is still pending. ATR reminder sent vide letter No. OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023.

3.2.14. DZONGKHAG ADMINISTRATION, TRONGSA

The unsettled irregularities of Nu. 25.469 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	6.845	-	6.845	-
5	Shortfalls, lapses and deficiencies	18.624	-	18.624	-
	Total:	25.469	-	25.469	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 6.845 MILLION

The cases of non-compliance to laws and rules involving Nu. 6.845 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Extravagant payment	6.419	-	6.419
4.2	Short/Non-levy of Liquidated Damages	0.426	-	0.426
	Total:	6.845	-	6.845

4.1 EXTRAVAGANT PAYMENT – NU. 6.419 MILLION

The Dzongkhag Administration, Trongsa had made extravagant payment amounting to Nu. 6.419 million to M/s Dechen Construction, Sarpang against an item of wood work

in the construction of Eight-Unit Classroom with ADM Block and Laboratory Block at Tshangkha CS.

The estimated rate prepared by the Dzongkhag Administration for the item of work 'Providing and Fixing dressed wood work in timber nailing strip 50x25 including finishing with two coat of touch wood polish' based on the BSR 2013, Gelephu with 20% cost index was only Nu. 63.79 per metre as against the quoted rate of Nu. 15,000.00 per metre. As per estimate, the value of work amounted to Nu. 0.027 million only.

The evaluation committee had failed to detect the highly inflated bid price quoted for the item and had also failed to ask for rate analysis from the contractor resulting into the above extravagant payment. (AIN: 16452; OB No.: 17.6; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, Sarpang, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214).

Status: Observation not settled.

The principal amount Nu. 349,720.00 was deposited vide receipt No. 02157 dated 03/11/22 into ARA, however, the penalty amount Nu. 109,264.83 yet to be recovered. The latest follow up reminder letter was served vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023.

4.2 SHORT/NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.426 MILLION

- a) The Dzongkhag Administration, Trongsa had short-levied liquidated damages amounting Nu. 0.244 million in the construction of Six-Unit Classroom Block at Samcholing MSS awarded to M/s L S Construction. The contractor was liable for Nu. 0.319 million for delay in completion of works but was levied only Nu. 0.075 million. The contractor had submitted work completion report on 20 June 2017 but the Dzongkhag Administration had taken over the completed works only on 30 January 2018 after a substantial lapse of seven months. (AIN: 16452; OB No.: 19; Accountabilities: Direct: Dawa Lhamo, AE, EID No. 200508155; M/s L.S. Construction, CDB No. 5343; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not settled.

Reminder served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021. However, no ATR has been received.

- b) The Dzongkhag Administration, Trongsa had not levied liquidated damages amounting to Nu. 0.182 million for delay in completion of construction of Eco-Tourism Guest House at Nabji-Korphu awarded to M/s Tshering Tenzin Construction, Zhemgang. The completion was delayed by nine months. (AIN: 16452; OB No.: 20.1; Accountabilities: Direct: Sangay Dorji, AE, EID No. 20140103509; M/s Tshering Tenzin Construction, CDB No. 2135; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not settled.

Reminder served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag, however, no ATR has been received.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 18.624 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 18.624 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Short deduction of house rent	0.034	-	0.034
5.2	Double payment of TA/DA	0.030	-	0.030
5.3	Excess/Over Payments	0.623	-	0.623
5.4	Outstanding advances	1.718	-	1.718
5.5	Lapses in loan disbursement and repayments	14.916	-	14.916
5.6	Non-submission of details on procurement of HDPE pipes to DNP	1.303	-	1.303
	Total:	18.624	-	18.624

5.1 SHORT-DEDUCTION OF HOUSE RENT – NU. 0.034 MILLION

The Dzongkhag Administration, Trongsa had made short-deduction of monthly house rents from the occupants of Government quarters to the tune of Nu. 0.188 million. The lapses had occurred due to non-revision of house rent as notified by the Ministry of Finance in 2018. (AIN: 16452; OB No.: 4; Accountabilities: Direct: (For Accountabilities refer Audit Report); Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: *Observation not settled.*

An amount of Nu. 154,035.92 deposited/adjusted leaving a balance of Nu.33,617.87 as on os date. A follow up reminder letter No.RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served for submission of ATR.

5.2 DOUBLE PAYMENT OF TA/DA – NU. 0.030 MILLION

The Dzongkhag Administration, Trongsa had made double payments amounting to Nu. 0.302 million on account of Travelling and Daily Allowances of various officials. The double payments had occurred mainly due to non-maintenance of travel register and lack of effective controls. (AIN: 16452; OB No.: 7; Accountabilities: Direct: (For Accountabilities refer Audit Report); Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: *Observation not settled.*

An amount of Nu. 272,248.00 had been deposited/adjusted, leaving a balance of Nu.29,500.00 as on 30/9/2021. A follow up reminder letter No.RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served for submission of ATR.

5.3 EXCESS/OVER PAYMENT – NU. 0.623 MILLION

- a) The Dzongkhag Administration, Trongsa had made excess payment amounting to Nu. 0.084 million for plinth protection works in the construction of Eight-Unit Classroom with ADM Block and Laboratory Block at Tshangkha CS to M/s Dechen Construction, Sarpang. The excess payment had occurred due to payment for RCC plinth protection works instead of PCC plinth protection works executed at site. *(AIN: 16452; OB No.: 17.7; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, Sarpang, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214)*

Status: *Observation not settled.*

A sum of Nu.0.084 million is deposited into ARA vide R/No.02157 dated 03/11/2022 leaving the interest portion amount of Nu. 33,506.09 as on 31/03/2022. A follow up reminder letter No.RAA-BT/Fus-03/2023/130 dated 20/11/2023 was served for submission of ATR.

- b) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.341 million to the contractor in the construction of Eight-Unit Classroom with Administrative Block and Laboratory Block at Tshangkha CS awarded to M/s Dechen Construction, Sarpang. The excess payment had occurred due to non-deduction of beams and slabs for computing quantity of concrete bricks work for the superstructure. *(AIN: 16452; OB No.:17.1; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214)*

Status: *Observation not settled.*

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

- c) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.053 million to the contractor in the construction of 8 Unit Classroom with Administrative Block and Laboratory Block at Tshangkha CS M/s Dechen Construction, Sarpang. The excess payment had occurred due to payment for 5.64 m³ as against actual execution of 2.70 m³ at site for providing and fixing flooring joists. *(AIN: 16452; OB No.:17.4; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214)*

Status: Observation not settled.

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

- d) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.229 million to the contractor in the Construction of 120 bedded hostels for Boys and Girls with site development at Tshangkha CS awarded to M/s Samphel Dhendup Construction, Punakha. The excess payment had occurred due to non-deduction of beams and slabs for computing quantity of concrete bricks work for the superstructure. (AIN: 16452; OB No.:18.2; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Samphel Dhendup Construction, Punakha CDB No. 2266; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not settled.

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

5.4 OUTSTANDING ADVANCES – NU. 1.718 MILLION

- a) The Dzongkhag Administration, Trongsa had outstanding Public Works Advances amounting to Nu. 1.184 million lying against M/s AP Sha Construction, Thimphu pertaining to the Re-electrification of Trongsa Dzong. The advance was not adjusted from the final bill. (AIN: 16452; OB No.:22; Accountabilities: Direct: Tshering Dawa, Accounts Assistant, EID No. 20141204880; M/s Ap Sha Construction, CDB No. 4153; Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: Observation not settled.

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

- b) The Dzongkhag Administration, Trongsa had outstanding Public Works Advances amounting to Nu. 0.534 million lying unadjusted against M/s AK Construction pertaining to Monmay Gang Irrigation Channel. The Dzongkhag had not deducted the advances released to the contractor from the bills. (AIN 16452; OB No.: 21; Accountabilities: Direct: Tshering Dawa, Accounts Assistant, EID No. 20141204880; M/s AK Construction, CDB No. 6097; Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: Observation not settled.

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

5.5 LAPSES IN LOAN DISBURSEMENT AND REPAYMENTS

The Dzongkhag Administration, Trongsa had disbursed loans amounting to Nu. 14.916 million (including interest) to various individuals and party from the *Moenlam Chhenmo* Fund. There were no records to authenticate the repayment of these loans and the same could not be verified during audit. The RAA could not verify the account of the funds in the absence of records. The Dzongkhag was asked to furnish relevant documents for further review. (AIN: 16452; OB No.: 31.2; Accountabilities: Direct: Tashi Pelden, CID No. 11704001027; Jigme Namgayl, CID No. 11705001719, Supervisory: Kinley Gyeltshen, Dzongrab, EID No. 9904019; Tashi Pelden, CID No. 11704001027; Jigme Namgayl, CID No. 11705001719).

Status: *Observation not settled.*

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

5.6 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES TO DNP

The Dzongkhag Administration, Trongsa had procured HDPE pipes valuing Nu. 1.303 million during 2017-18. However, the Dzongkhag Administration had failed to endorse the total quantities purchased to the Department of National Properties, Ministry of Finance as required for processing 6% rebate. As a result, the Department of National Properties, Ministry of Finance could not avail 6% rebate amounting to Nu. 0.078 million offered by M/s Bhutan Polythene Corporation Limited, Phuentsholing. (AIN: 16452; OB No.: 15; Accountabilities: Direct: Pema Chopel, Procurement Officer, EID No. 20140504341; Supervisory: Pema Chopel, Procurement Officer, EID No. 20140504341)

Status: *Observation not settled.*

Several follow up reminder letters were served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 and vide letter RAA-BT/Fus-03/2023/130 dated 20/11/2023, however, no ATR has been received as of date.

3.2.15. DZONGKHAG ADMINISTRATION, WANGDUE PHODRANG

Out of the unsettled irregularities of Nu. 0.581 million reported to the Parliament in March 2023; Nu. 0.328 has been settled besides other issues without having monetary amount. The unsettled balance of Nu.0.253 million as on 29 February 2024 is as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-		Settled
5	Shortfalls, lapses and deficiencies	0.581	0.328	0.253	56.45
	Total:	0.581	0.328	0.253	56.45

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 DEFECTIVE WORKS

- a) The Dzongkhag Administration, Wangdue Phodrang had accepted defective works in the construction of 120-bedded hostel with Matron's quarter, two toilets and Eight-unit classrooms at Gaselo CS executed by M/s Druk Lam-sel Construction, Thimphu. There were defects in fixation of Glass-fibre Reinforced Concrete (GRC) cornices with gap between wall and cornices covered with PCC filling, execution of substandard mosaic flooring work resulting into development of potholes and leakages in toilet pipe lines damaging the structure. *(AIN: 16302; OB No.:1.2; Accountabilities: Direct: Tapas Biswa, JE, CID No. 11308001154; M/s Druk Lam-sel Construction, Thimphu, CDB No. 7680; Supervisory: Labchu, DE, EID No. 8601092)*

Status: *Observation settled.*

The observation has been settled based on the decision of the 75th Advisory Committee Meeting.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.253 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.253 million were all resolved as of 29 February 2024 as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Irregular booking of expenses	0.151	0.151	Settled
5.3	Non-documentation of acknowledgement receipts	0.025	0.025	Settled
5.4	Outstanding Advances	0.152	0.152	Settled
5.5	Non-deduction of rebate - Nu. 253,001.00 (4.4.69)	0.253	-	0.253

	Total:	0.581	0.328	0.253
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5.2 IRREGULAR BOOKING OF EXPENSES – NU. 0.151 MILLION

The Dzongkhag Administration, Wangdue Phodrang had booked Nu. 0.225 million on account of maintenance of Election Advertising Board for National Council Election 2018 in seven Gewogs. However, records showed that only Nu. 0.044 million were paid for the maintenance works carried out, leaving a balance of Nu. 0.151 million which was not properly accounted for. (AIN: 16302; OB No.:10; Accountabilities: Direct: Kunzang, LRO, EID No. 91013020; Gyembo, LRO, EID No. 200803006; Supervisory: Kunzang, LRO, EID No. 91013020; Gyembo, LRO, EID No. 200803006)

Status: Observation settled.

The observation has been settled based on the justification/documents submitted by the Dzongkhag Administration, Wangdue. Accordingly a follow up report No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023 was issued.

5.3 NON-DOCUMENTATION OF ACKNOWLEDGEMENT RECEIPTS – NU. 0.025 MILLION

The Dzongkhag Administration, Wangdue Phodrang had disbursed Nu. 0.070 million to Gewog Administrative Officers of nine Gewogs as working charges for construction of 14 Temporary Polling Stations @ Nu. 5,000.00 per polling station for National Council Election 2018. However, during the site visit to the Gewogs and on inquiry with the beneficiaries, it was found that they did not receive the amount in full. Further, no details of recipients were documented by the concerned Gewog Administrative Officer to substantiate disbursements. (AIN: 16302; OB No.:11; Accountabilities: Direct: Dorji Wangdi, DzEO, EID No. 201008014; Kelzang Dema, GAO, Nysho Gewog, EID No. 200805035; Supervisory: Dorji Wangdi, DzEO, EID No. 201008014)

Status: Observation settled.

The observation has been settled based on the justification/documents submitted by the Dzongkhag Administration, Wangdue. Accordingly a follow up report No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023 was issued.

5.4 OUTSTANDING ADVANCES – NU. 0.152 MILLION

The Dzongkhag Administration, Wangdue Phodrang had not adjusted outstanding Personal Advances amounting to Nu. 0.015 million and PW Advances of Nu. 1.793 million against various parties and individuals as on 30 June 2018. (AIN: 16302; OB No.:12; Accountabilities: Direct: Sonam Tobgay B, DT Secretary, EID No. 200508168; Shacha Gyeltshen, Cultural Officer, EID No. 200505019; Kumbu Dorji, JE, EID No. 20120100119; Younten Dorji, Finance Officer, 200901056; Tshering Choki, Technician, EID No. 20121201951; Sonam Wangchuk, Accounts Asstt. V, EID No. 20120700715; Sangay, Accounts Asstt. III, EID No. 200907176; Tashi Zangpo, Sr. Technician, EID No. 8505068; Pemba, Gup, Dangchu, CID No. 11904000420; Khandu Dorji, Gup, Athang, CID No. 11901000845; Tashi Dema, JE, EID No. 201101208; Karma Dupchu, Dental

Technician, EID No. 9907067; Tenzin Phuntscho, AHRO, EID No. 200508101; Melam, VP, EID No. 9507156; Jampel Choda, Procurement Officer, EID No. 200707184; Dr. Dawa Gyeltshen, GDMO, EID No. 20170709561; Dilli Ram Rai, Caretaker, CID No. 11808001721; Joshwa Construction, CDB No. 4647; Lucky Gongphel Construction, CDB No. 6081; Ngo Tshar Tashi Yangkhil Construction, CDB No. 5896; Supervisory: Younten Dorji, Finance Officer, EID No. 200901056)

Status: Observation settled.

An amount of Nu.1.641million adjusted vide letter No. DAW/ACCT-32/2019-2020/7659 dated 23.03.2020. The observation has been settled based on the justification/documents submitted by the Dzongkhag Administration, Wangdue. Accordingly a follow up report No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023 was issued.

5.5 NON-DeDUCTION of rebate nu. 0.253 million

The Dzongkhag Administration, Wangdue Phodrang had not deducted deductible rebate from the contractor's bill payment. As per the cotract documents and the Bill of Quantities, the contractor had offered lump-sum rebate of Nu. 253,001.00. The contractor submitted the final bill amounting to Nu. 366,883.00 and amount payable to the contractor after deduction of rebate amount of Nu. 253,001.00 stands at Nu. 113,882.00. However, instead of making the payment of Nu. 113,882.00, the contractor was paid Nu. 257,756.00 thereby leading into non-deduction of rebate of Nu. 253,001.00. (AIN: 16290; OB No.:13,2; Yeshey Rinzin, Engineer, EID No. 201101215; Tendrel Phuensum Construction, CDB No. 4372Kintu, District Engineer, EID No. 200801083.

Status: Observation not settled.

Follow up reminder letters have been served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021 and RAA-BT/Fus-03/2023/320 dated 24.04.2023. However, response from the Dzongkahg Administration has not been received.

3.2.16. DZONGKHAG ADMINISTRATION, ZHEMGANG

The unsettled irregularities of Nu. 1.728 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.332	-	0.332	-
4	Non-compliance to laws and rules	0.346	-	0.346	-
5	Shortfalls, lapses and deficiencies	1.050	-	1.050	-
	Total:	1.728	-	1.728	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

3. MISMANAGEMENT - NU. 0.332 MILLION

The case of Mismanagement involving Nu. 0.332 million is as indicated below:

3.1 RETENTION OF RENTAL CHARGES – NU. 0.332 MILLION

The Dzongkhag Administration, Zhemgang had retained rental charges of Nu.0.332 million realized from the two-storied building at Duenmang Tshachu. The amount was deposited in Current Deposit Account maintained with Bank of Bhutan Limited without approval of Ministry of Finance. *(AIN: 16290; OB No.:24.1; Accountabilities: Direct: Karma Darjay, EID No. 8907130; Supervisory: Kinzang Dorji, Dzongrab, EID No. 200310189)*

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of the date.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.346 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.346 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.2	Non levy of LD	0.346	-	0.346
	Total:	0.346	-	0.346

4.2 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.346 MILLION

- a) The Dzongkhag Administration, Zhemgang had not levied liquidated damages amounting to Nu. 0.346 million for delay in completion of Construction of Footpath and Compound Light at Zhemgang CS awarded to M/s Rabten Lhanam Construction, Zhemgang. The contractor had failed to complete the work within

extended time. (AIN: 16290; OB No.:3.5; Accountabilities: Direct: Yeshey Rinzin, Engineer, EID No. 201101215; M/s Rabtem Lhanam Construction, CDB No. 7087; Supervisory: Kintu, District Engineer, EID No. 200801083)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.050 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.050 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Excess payment	0.281	-	0.281
5.3	Payment made without receipt of materials	0.078	-	0.078
5.4	Outstanding Advances	0.691	-	0.691
	Total:	2.789	-	1.050

5.2 EXCESS PAYMENT – NU. 0.281 MILLION

- b) The Dzongkhag Administration, Zhemgang had made excess payment of Nu. 0.214 million for construction of RRM open surface drain in the Improvement Work of Drainage System at Gomphu LSS awarded to M/s Urung Construction, Trashigang. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. The works completed included quantities of footpath already constructed and paid in the previous FY. (AIN: 16290; OB No.:15; Accountabilities: Direct: Binod Kr. Tamang, Engineer, EID No. 200407010; M/s Urung Construction, CDB No. 7974; Supervisory: Kintu, DE, EID No. 200801083)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

- c) The Dzongkhag Administration, Zhemgang had made excess payment of Nu. 0.067 million in the Construction of Two Units Lam's Zhimchung at Phumethang awarded to M/s CC Construction. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN: 16290; OB No.:18; Accountabilities: Direct: Kintu, DE, EID No. 200801083; M/s CC Construction, CDB No. 7885; Supervisory: Kintu, DE, EID No. 200801083)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5.3 PAYMENT MADE WITHOUT RECEIPT OF MATERIALS – NU. 0.078 MILLION

The Dzongkhag Administration, Zhemgang had made payment of Nu. 0.078 million for materials to be used for Construction of Bridge at Berti, which was undertaken departmentally. During the physical verification, it was observed that the Dzongkhag had not received the materials despite releasing the payment. (AIN: 16290; OB No.:17; Accountabilities: Direct: Kintu, DE, EID No. 200801083; Supervisory: Kintu, DE, EID No. 200801083)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5.4 OUTSTANDING ADVANCES – NU. 0.691 MILLION

The Dzongkhag Administration, Zhemgang had overdue outstanding advances of Nu. 0.691 million against four parties and an individual. All outstanding advances against four parties pertained to 2011, 2013 and 2014. (AIN: 16290; OB No.: 20; Accountabilities: Direct: Tilak Thara, Accountant, EID No. 201007232; Tshering Nidup, Accounts Assistant, EID No. 201007231; Tashi Choden, Thrummed, EID No. 12008003800; Tshering Nidup, Accounts Assistant, EID No. 201007231; Supervisory: Jigme Dorji, Finance Officer, EID No. 20130101147; Til Bahadur Ghalley, Accounts Officer, EID No. 200701133; Tshering Choden, Accounts Officer; EID No. 20160106474)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

3.3. GEWOGS ADMINISTRATIONS

3.3.1. GEWOGS ADMINISTRATION UNDER BUMTHANG DZONGKHAG

I. CHHOEKHOR

The unresolved irregularities of Nu.0.318 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as discussed below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.318	-	0.318	
Total:		0.318	-	0.318	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.318 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.318 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Shortage of HDPE pipes	0.318	-	0.318
	Total:	0.318	-	0.318

4.1. SHORTAGE OF HDPE PIPES – NU. 0.318 MILLION

The Gewog Administration, Chhoekhor had shortages of HDPE Pipes valuing Nu. 0.318 million purchased for Rural Water Supply Scheme. There were differences in the stock balance as per the stock register and ground balance. (AIN: 16253; OB No.: 7; Accountabilities: Direct: Pema Doengyel, Gup, CID No. 10101004727; Supervisory: Pema Doengyel, Gup, CID No. 10101004727)

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of the date.

3.3.2. GEWOGS ADMINISTRATION UNDER CHHUKHA DZONGKHAG

I. BONGO

The unresolved irregularities of Nu.0.567 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as discussed below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.567	-	0.567	-
	Total:	0.567	-	0.567	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.567 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.567 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
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5.1	Excess Payment to contractor	0.567	-	0.567
	Total:	0.644	0.077	0.567

5.1 EXCESS PAYMENT TO CONTRACTOR – NU. 0.567 MILLION

The Gewog Administration, Bongo had made excess payment of Nu. 0.567 million on account of supply of boulders in the re-construction of Gedu Eukha Lhakhang. The excess payment had occurred due to release of payments for 678m³ as against the actual supply of 81m³ of boulders. (AIN: 16057; OB No.:1.2; Accountabilities: Direct: Dewas Biswa, JE, EID 20140103469; Tshering Nidup, Gup, CID No: 10203002306; Supervisory: Tshering Nidup, Gup, CID No: 10203002306)

Status: Observation not settled.

Follow-up reminder was issued vide RAA/OAAG-Pling/Bon-Gw-A4/2021/953 dated 07.09.2021

The Gewog Administration Bongo was asked to submit ATR as per the resolution of follow up meeting convened on 11.09.2023.

II. DARLA

The unresolved irregularities of Nu.10.234 million reported to the Parliament in March 2023 has been resolved as on 29 February 2024 as discussed below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance of Laws and Rules	-	-		Settled
5	Shortfalls, lapses and deficiencies	10.234	10.234	-	100
	Total:	10.234	10.234	-	100

The details of irregularities which were settled as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 ACCEPTANCE OF SUBSTANDARD WORK

The Gewog Administration, Darla had accepted substandard works for the construction of water supply at Kezari, Nimgang, upper and lower Darla at the total cost of Nu. 19.783 million carried out by M/s Bhutan Alliance Pvt. Ltd. The sub-standard works were

noted in (i) HDPE pipes and GI pipes supported with small wooden poles in gullies; (ii) GI pipes laid along road shoulders and drain exposed to damage by vehicles and pedestrians, (iii) FCR tanks were not fenced, (iv) trenching for tanks were not covered with earth as required and (v) GI Pipes were not properly joined with GI Joints. (AIN: 16085; OB No.:1.5; Accountabilities: Direct: Rupa Gurung, Engineer, EID No. 200307013; M/s Bhutan Alliance Pvt. Ltd., CDB No. 4271; Mil Kumar Monggar, Gup, CID No. 10205005231; Supervisory: Mil Kumar Monggar, Gup, CID No.: 10205005231)

Status: Observation settled.

The observation has been dropped based on the report submitted by the Gewog Administration vide letter No. DGA/ADM-1/2023-2024/952 dated 25/09/2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies involving Nu. 10.040 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Wastage in construction of water supply	10.040	10.040	-
5.3	Wasteful expenditure due to inadequate planning	0.194	0.194	-
	Total:	10.234	10.234	-

5.2 WASTAGE IN CONSTRUCTION OF WATER SUPPLY – NU. 10.040 MILLION

The water supply at Kezari, Nimgang, Upper and Lower Darla was constructed at a cost of Nu. 10.040 million. However, the Gewog Administration had failed to provide proper filtration system and protection to catchment areas at the source which caused frequent blockages and water supply could be used by the community. This has resulted in wastage of resources. (AIN: 16085; OB No.: 1.3; Accountabilities: Direct: Rupa Gurung, Engineer, EID No. 200307013; Mil Kumar Monggar, Gup, CID No.: 10205005231; Supervisory: Mil Kumar Monggar, Gup, CID No.: 10205005231)

Status: Observation settled.

The observation has been dropped based on the report submitted the Gewog Administration vide letter No. DGA/ADM-1/2023-2024/952 dated 25/09/2023. The Gewog Administration in collaboration with Dzongkhag, Drungkhag Administration and in consultation with the experts from the Department of Engineering Services, the then MoWHS had put into efforts to provide drinking water to the residents of Kezari. Despite all efforts, it could not be achieved mainly due to technical fault and harsh geographical landscape.

5.3. WASTEFUL EXPENDITURE DUE TO INADEQUATE PLANNING – NU. 0.194 MILLION

The Gewog Administration, Darla had abandoned about 800m of drinking water pipeline at site costing Nu. 0.194 million at the old water source due to source drying up, which is indicative of inadequate assessment of water sources at the time of planning. As a result, water pipes were in forest unutilized. (AIN: 16085; OB No.:1.4; Accountabilities: Direct: Rupa Gurung, Engineer, EID 200307013; M/s Bhutan Alliance Pvt Ltd., CDB No. 4271; Supervisory: Mil Kumar Monggar, Gup, CID No. 10205005231)

Status: Observation settled.

The observation has been dropped based on the report submitted the Gewog Administration vide letter No. DGA/ADM-1/2023-2024/952 dated 25/09/2023.

3.3.3. GEWOGS ADMINISTRATION UNDER DAGANA DZONGKHAG

IV. KARMALING

The unsettled irregularities of Nu.0.159 million reported to the Parliament in March 2023 was resolved as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	-			Settled
5	Shortfalls, lapses and deficiencies	0.159	0.159	-	100
	Total:	0.159	0.159	-	100

The details of unsettled irregularities reported to the Parliament in March 2023 which were resolved as on 29 February 2024 are as discussed below:

1. FRAUD AND CORRUPTION

The case of fraud and corruption were noted as indicated below:

1.1 EMBEZZLEMENT OF FUNDS THROUGH FORGERY AND TAMPERING OF BILLS.

The Accountant of Gewog Administration, Karmaling had embezzled funds amounting to Nu. 0.037 million by tampering of bills and forging signatures of competent authorities. It was also noted that some vouchers did not have complete documentation. Although full amount had been recovered, no appropriate actions had been taken by the Gewog Administration against the Accountant. (AIN: 15825; OB No.:1;

Accountabilities: Direct: Singye Dorji, Accounts Asst. EID No. 20141204884; Supervisory: Gyan Bdr. Subba, Gup, CID No. 11304000136)

Status: Observation settled.

An amount of Nu 38,834.76 was deposited vide receipt No. A00437 dated 16/9/2019.

The observation has been resolved based on the enforcement of the Court verdict of the Drungkhag Court. Accordingly a follow up report has been issued vide letter No. RAA/OAAG(T)/AR/(DA-Dagana-01)/2022-23/0375 dated 04 June 2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.159 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.159 million is as indicated below:

5.1 ACCEPTANCE OF EXPENDITURE WITHOUT SUPPORTING DOCUMENTS – NU. 0.263 MILLION

The Gewog Administration, Karmaling had disbursed Nu. 0.263 million on account of TA/DA without supporting documents such as office orders and travel authorization forms. *(AIN: 15825; OB No.:2; Accountabilities: Direct: Singye Dorji, Accounts Asstt. EID No. 20141204884; Supervisory: Gyan Bdr. Subba, Gup, CID No. 11304000136)*

Status: Observation settled.

Out of Nu.263,328.00 a sum of Nu. 103,687.18 deposited vide receipt no. A00437 of 16/9/2019, leaving the recoverable balance of Nu.159,741.00. However, the observation has been resolved based on the Court verdict of the Drungkhag Court. Accordingly a follow up report has been issued vide letter No. RAA/OAAG(T)/AR/(DA-Dagana-01)/2022-23/0375 dated 04 June 2023.

3.3.5. GEWOGS ADMINISTRATION UNDER MONGGAR DZONGKHAG

II. CHASKHAR

The unresolved irregularity reported to the Parliament in March 2023 was settled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-	-	Settled
Total:		-	-	-	

The details of unsettled irregularities reported in March 2023 which has been settled as on 29 February 2024 is as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES TO DNP

The Gewog Administration, Chaskhar had procured HDPE pipes valuing Nu. 0.872 million during 2017-18. However, the Gewog Administration had failed to endorse the total quantities purchased to the Department of National Properties, MoF as required for processing rebate. (AIN: 16287; OB No.:2; Accountabilities: Direct: Pema Dorji, Gup CID No. 10703001090; Supervisory: Pema Dorji, Gup CID No. 10703001090)

Status: Observation settled.

Observation settled as the required lapses action has been taken.

VIII. SILAMBI

The unsettled irregularities of Nu.1.783 million reported to the Parliament March 2023, remained unsettled as on 29 February 2024 as shown in the table below

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.576	-	0.576	
5	Shortfalls, lapses and deficiencies	1.207	-	1.207	
	Total:	1.783	-	1.783	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.576 MILLION

The case of non-compliance to laws and rules involving Nu. 0.576 million is as indicated below:

4.1 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.576 MILLION

The Gewog Administration, Silambi had not levied liquidated damages amounting to Nu. 0.576 million for delay of 261 days in completion of construction of Gyelgong Farm Road. The work was awarded to M/s Doenay Khorlo Construction, Zhemgang at the tendered amount of Nu. 5.900 million in June 2016 and completed only on 1 April 2018

after substantial delay. (AIN: 16263; OB No.:1; Accountabilities: Direct: Padam Bdr. Rai, Site Engineer, EID No. 20120100121; M/s Doenay Khorlo Construction, CBD No. 7825; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.207 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 1.207 million is as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Payment for Works not executed	0.767	-	0.767
5.2	Double payment of hiring charges	0.440	-	0.440
	Total:	1.207	-	1.207

5.1 PAYMENT FOR WORKS NOT EXECUTED – NU. 0.767 MILLION

The Gewog Administration, Silambi had paid Nu. 0.767 million to M/s Doenay Khorlo Construction, Zhemgang for works not executed in the construction of Gyelgong Farm Road. The work was awarded at tendered amount of Nu. 5.900 million in June 2016 and was stated to have been completed on 1 April 2018. However, the V-shaped earthen drains were found not executed during the physical verification of site carried out on 23 May 2018 along with Dzongkhag and Gewog Officials. (AIN: 16263; OB No.: 1.2; Accountabilities: Direct: Padam Bdr. Rai, Site Engineer, EID No. 20120100121; M/s Doenay Khorlo Construction, CBD No. 7825; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5.2. DOUBLE PAYMENT OF HIRING CHARGES – NU. 0.440 MILLION

The Gewog Administration, Silambi had made double payments of Nu. 0.440 million for hiring of excavator in the maintenance of Nagor Farm Road for the months of August and September 2017. It was noted that double payments were made on 20 September 2017 and 24 January 2018. (AIN: 16263; OB No.: 2; Accountabilities: Direct: Padam Bdr. Rai, Site Engineer, EID No. 20120100121; M/s Ngawang Hiring, License No. 6009217; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

X. TSAKALING

Out of the unsettled irregularities of Nu.0.258 million reported to the Parliament in March 2023; Nu.0.157 million has been settled leaving a balance of Nu.0.101 million as on 29 February 2024 as shown in the table below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.258	0.157	0.101	60.85
	Total:	0.258	0.157	0.101	60.85

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.101 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.101 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Excess Payment in CRM works	0.101	-	0.101
5.2	Non-recovery of positive difference	0.157	0.157	-
	Total:	0.258	0.157	0.101

5.1 EXCESS PAYMENT IN CRM WORKS – NU. 0.101 MILLION

The Gewog Administration, Tsakaling had made excess payment of Nu. 0.101 million to M/s Wangdi Shermung Construction in the construction of meeting hall at Tsakaling Gewog Centre. The excess payments had occurred due to non-deduction of RCC works from CRM in superstructure works. *(AIN: 16265; OB No.:1.1; Accountabilities: Direct: Tshewang Rinzin, Site Engineer, EID No. 9301052; M/s Wangdi Shermung Construction, CBD No. 4233; Supervisory: Karma Sonam Wangchuk, Gup, CID No. 10716002494)*

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of the date.

5.2 NON-RECOVERY OF THE POSITIVE DIFFERENCE - NU. 0.157 MILLION

The Gewog Administration, Tsakaling had failed to recover the positive difference of Nu. 0.157 million between the lowest and second evaluated bidder upon withdrawal by

the first lowest evaluated bidder with a bid value of Nu. 2.232 million in the construction of Gewog meeting hall. Subsequently, the work was awarded to the second lowest evaluated bidder M/s Wangdi Shermung Construction, Monggar at the bid price of Nu. 2.389 million. *(AIN: 16265; OB No.:2; Accountabilities: Direct: Tshewang Rinzin, Site Engineer, EID No.9301052; M/s Wangdi Shermung Construction, CBD No. 4233; Supervisory: Karma Sonam Wangchuk, Gup, CID No. 10716002494)*

Status: Observation settled.

The observation has been settled as the contractor had rectified the work as per the completion report submitted to the RAA vide letter No.MD/DES-16/2019/2654 dated 29/08/2019 & handing taking over note letter No.Tsamang-24/2018/205 dated 28/06/2018 submitted along with pictorial evidence endorsed by the Geog committee.

3.3.8. GEWOGS ADMINISTRATION UNDER TRONGSA DZONGKHAG

I. KORPHU

The unsettled irregularities of Nu.0.381million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as shown in the table below

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.381	-	0.381	
	Total:	0.381	-	0.381	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.381 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.381 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.381 MILLION

The Gewog Administration, Korphu had not adjusted advances of Nu. 0.381 million against parties and individuals as on 30 June 2018. All outstanding advances pertained to prior FYs. *(AIN: 16479; OB No.:2; Accountabilities: Direct: Tshering Dendup, Accounts Assistant, EID No. 200307157; Supervisory: Sangay Khandu, Gup, CID No. 11702001343)*

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

II. LANGTHIL

The unsettled irregularity of Nu.0.092 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as shown in the table below

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.092	-	0.092	
	Total:	0.092	-	0.092	-

The details of the unsettled irregularity reported as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.092 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.092 million is as indicated below:

5.1 EXCESS PAYMENT OF MACHINE HIRE CHARGES – NU. 0.092 MILLION

The Gewog Administration, Langthil had made excess payment of Nu. 0.092 million towards hiring charges of machinery in the restoration work of Ramedegang Farm Road. The excess payments had occurred due to payment for 320 hours as against actual engagement for 287 hours. *(AIN: 16482; OB No.:3; Accountabilities: Direct: Sonam Tshering, AE, EID No. 20140103506; Supervisory: Sonam Dendup, Gup, CID No. 11703000276)*

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of the date.

III. NUBI

The unsettled irregularities of Nu.1.435 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.957	-	0.957	
5	Shortfalls, lapses and deficiencies	0.478	-	0.478	
	Total:	1.435	-	1.435	-

The details of the unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.957 MILLION

The case of non-compliance to laws and rules involving Nu. 0.957 million is as indicated below:

4.1 ACCEPTANCE OF SUBSTANDARD WORKS – NU. 0.957 MILLION

The Gewog Administration, Nubi had accepted substandard quality of RCC walls valuing Nu. 0.957 million in the construction of counterfort wall executed by M/s Kuenphen Redna Construction at Nubi Gewog at the cost of Nu. 1.766 million. *(AIN: 16490; OB No.:4.1; Accountabilities: Direct: Choida, Dy. EE, EID No. 200307016; Ugyen Tenzin, Gup, CID No. 11704000066; Supervisory: Ugyen Tenzin, Gup, CID No. 11704000066)*

Status: *Observation not settled.*

Nubi Gewog had submitted photographic evidence of the rectified work vide letter No. DAT/DE&HS/26/2021-2022/12 dated 09/07/21. However, RAA could not determine the quality of the Counterfort wall at Bemjee through photographs, so it was decided to involve experts to inspect and give final opinion during Dzongkhag Audit.

The observation remains unsettled as no ATR response has been received as of the date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.478 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.478 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.478 MILLION

The Gewog Administration, Nubi had not adjusted advances of Nu. 0.478 million against two parties and two individuals as on 30 June 2018. Major portion of the outstanding advances pertained to years prior to FY 2016-17. *(AIN: 16490; OB No.:5; Accountabilities: Direct: Yonten Namgay, Accounts Assistant, EID No. 200907007; Supervisory: Ugyen Tenzin, Gup, CID No. 11704000066)*

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of the date.

IV. TANGSIBJI

The unsettled irregularity of Nu.0.078 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as shown in the table below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023(Nu.M)	Settled/ Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.078	-	0.078	
	Total:	0.078	-	0.078	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.078 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.078 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.078 MILLION

The Gewog Administration, Tangsibji had not adjusted advance of Nu. 0.078 million lying against M/s Tshering Choden Construction as on 30 June 2018. *(AIN: 16481; OB No.:5; Accountabilities: Direct: Kinzang Tenzin, EID No. 201001716; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)*

Status: *Observation not settled.*

Reminder letters were served vide letter No.RAA/Bt/Fus-01/2021/515 dated 15/04/2021 and vide RAA-BT/Fus-03/2023/129 dated 20/11/2023, however, no ATR has been received.

3.3.9. GEWOGS ADMINISTRATION UNDER ZHEMGANG DZONGKHAG

II. GOSHING

The unsettled irregularities of Nu.0.177 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.177	-	0.177	
	Total:	0.177	-	0.177	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.177 MILLION

The case of non-compliance to laws and rules involving Nu. 0.177 million is as indicated below:

4.1 PAYMENT WITHOUT RECEIVING GOODS – NU. 0.177 MILLION

The Gewog Administration, Goshing had made payment of Nu. 0.177 million without receiving 2,800m of various sizes of HDPE pipes from M/s Muktsen Construction, Phuentsholing for Rural Water Supply Scheme at Lechibe. (AIN: 16229; OB No.:1; Accountabilities: Direct: Pema Samdrup, Mangmi, CID No. 12003001794; M/s Muktsen Construction, Phuentsholing, License No. 2007617; Supervisory: Sherab Gyeltshen, GAO, EID No. 20085009)

Status: *Observation not settled.*

The observation remains unsettled as no ATR response has been received as of the date.

III. NANGKOR

The unsettled irregularities of Nu. 7.496 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.836	-	0.836	
5	Shortfalls, lapses and deficiencies	6.660	-	6.660	
	Total:	7.496	-	7.496	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.836 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.836 million is as indicated below:

4.1 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.836 MILLION

- a) The Gewog Administration, Nangkor had not levied liquidated damages amounting to Nu. 0.836 million to M/s Zangchong Kjz Pvt. Ltd., Zhemgang for 147 days of delay in completion of laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. (AIN: 16277; OB No.: 1.1; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjz Pvt. Ltd., Zhemgang, CDB No.7644; Supervisory: Dorji Wangchuk, Gup, CID No. 12004004480)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 6.660 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 6.660 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Excess payment	0.796	-	0.796
5.2	Non-deduction of rebate	4.125	-	4.125
5.3	Non-recovery of 20% penalty on incomplete works	1.739	-	1.739
	Total:	6.660	-	6.660

5.1 EXCESS PAYMENT – NU. 0.796 MILLION

The Gewog Administration, Nangkor had made excess payment of Nu. 0.796 million to M/s Zangchong Kjz Pvt. Ltd., Zhemgang for laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. The excess payments had occurred due to difference in the value of work paid for and actual value of work done at site prior to termination of the contract. (AIN: 16277; OB No.:1.2; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjz Pvt. Ltd., Zhemgang, CDB No. 7644; Supervisory: Dorji Wangchuk, Gup, CID No. 12004004480)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5.2 NON-DEDUCTION OF REBATE – NU. 4.125 MILLION

The Gewog Administration, Nangkor had not deducted lumpsum rebate amounting to Nu. 4.125 million from the bills of M/s Zangchong Kjj Pvt. Ltd, Zhemgang in laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. The work was awarded at the tendered amount of Nu. 16.356 million. (AIN: 16277; OB No.:1.3; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjj Pvt. Ltd., Zhemgang, CDB No. 7644; Supervisory: Dorji Wangchuk, Gup, CID No. 1200400448)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

5.3 NON-RECOVERY OF 20% PENALTY ON VALUE OF INCOMPLETE WORKS – NU. 1.739 MILLION

The Gewog Administration, Nangkor had not imposed 20% penalty to M/s Zangchong Kjj Pvt. Ltd., Zhemgang on value of incomplete works amounting to Nu. 1.739 million upon termination of contract. The contractor had carried out the laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. (AIN: 16277; OB No.:1.4; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjj Pvt. Ltd., Zhemgang, CDB No. 7644; Supervisory: Dorji Wangchuk, Gup, CID No. 12004004480)

Status: Observation not settled.

The observation remains unsettled as no ATR response has been received as of the date.

3.4. AUTONOMOUS AGENCIES

During the year 2019, 14 Autonomous Agencies had unresolved irregularities amounting to Nu. 139.729 million as follows:

3.4.5. JIGME DORJI WANGCHUCK NATIONAL REFERRAL HOPITAL

The unsettled irregularities of Nu.0.941 million reported to the Parliament in March 2023 remain unsettled as on 29 February 2024 as summarized below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.941	-	0.941	
	Total:	0.941	-	0.941	-

The details of settled and unsettled irregularities as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.941 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.941 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Excess payment due to improper verification	0.941	-	0.941
	Total:	0.941	-	0.941

5.2. EXCESS PAYMENT DUE TO IMPROPER VERIFICATION - NU.0.941 MILLION

The JDWNRH had made an excess payment amounting to Nu. 0.941 million to M/s Ugyen Tshendhen Construction Pvt. Ltd. for the Construction of Bio-Medical, Maintenance and Procurement Office Building. The excess payment had occurred due to wrong recording of measurement, non-deduction of openings and arithmetical error with resultant improper verification and certification of the contractor's bill. *(AIN: 16062; OB No: 6.1; Accountabilities: Direct: Chhimi Wangchuk, Engineer II, EID No. 20170107917; Supervisory: Dawa Tshering, Engineer, EID No. 20160106495)*

Status: *Observation not settled.*

Several follow-up reports have been issued vide letter No. No. RAA/FUCD(W47-JDWNRH)2021/2439 dt.23/12/2021; RAA/FUCD(W47-JDWNRH)2021/2439 dt.23/12/2021 and RAA/FUCD(W47-JDWNRH)2023/986 dt.29/05/2023. However, the observation remained unresolved.

3.4.6. JUDICIARY OF BHUTAN

The unsettled irregularities of Nu. 1.899 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.065	-	0.065	-
5	Shortfalls, lapses and deficiencies	1.834	-	1.834	-
	Total:	1.899	-	1.899	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

3. MISMANAGEMENT - NU. 0.065 MILLION

The case of mismanagement involving Nu.0.065 million is as indicated below:

3.1. NON-DEPOSITS OF REVENUE - NU. 0.065 MILLION

The Royal Court of Justice, Pemagatshel had not deposited revenue collections amounting to Nu. 0.065 million into Royal Government Revenue Account. The periodic reconciliation of collection and deposit in RAMIS was also not carried out indicating weak internal controls and inadequate monitoring. (AIN: 15972; OB No: 2; Accountabilities: Direct; Dhendup Tshering, Accountant, EID No: 200807257; Supervisory: Dasho Tharchean, Drangpon, EID No: 9502033)

Status: Observation not settled.

Follow up reminder letters were served vide letter No. RAA/OAAG(SJAR-04/PG-Court/2020/20 dated 07.07.2020 and vide letter No. OAAGSJ/FOLLOW-UP-02/COURT-PGATSHEL/2023-2024/715 dated 29/11/2023. However, the observation remained unresolved.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 1.834 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.834 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Missing of Vouchers and Supporting documents	1.834	-	1.834
	Total:	1.834	-	1.834

5.1. MISSING OF VOUCHERS AND SUPPORTING DOCUMENTS - NU.1.834 MILLION

The Royal Court of Justice, Pemagatshel had not produced vouchers and related supporting documents for Nu.1.834 million pertaining to FYs 2015-16, 2016-17 and 2017-18. The missing documents indicated lack of adequate supervision and failure to exercise due diligence while approving the payments. (AIN: 15972; OB No: 5; Accountabilities: Direct; Dhendup Tshering, Accountant, EID No: 200807257; Supervisory: Dasho Tharchean, Drangpon, EID No: 9502033)

Status: Observation not settled.

Follow up reminder letters were served vide letter No. RAA/OAAG(SJAR-04/PG-Court/2020/20 dated 07.07.2020 and vide letter No. OAAGSJ/FOLLOW-UP-02/COURT-PGATSHEL/2023-2024/715 dated 29/11/2023. However, the observation remained unresolved.

3.4.7. NATIONAL ENVIRONMENT COMMISSION

The unsettled irregularity of Nu.0.145 million reported to the Parliament in March 2023 had remained unresolved as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.145	-	0.145	
	Total	0.145	-	0.145	-

The details of unsettled irregularities as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.145 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0. 0.145 million is as indicated below:

5.1. OUTSTANDING ADVANCES - NU. 0.145 MILLION

The Secretariat, NEC had not adjusted advances amounting to Nu. 0.198 million against an official pertaining to FY 2017-18. The additional advances were paid to an official without adjusting the previous advances. *(AIN: 15823; OB No: 2; Accountabilities: Direct; Passang, Driver, EID No: 200907026; Supervisory: Kesang Jamtsho, Sr. Human Resource Officer EID No: 200502008)*

Status: *Observation not settled.*

A sum of Nu.53,000.00 was dropped based on the adjustment made from the TA/DA and deduction from the monthly salary vide letter No. NEC/AFD/Accts (EFLOW)2/20-21/633 dt.23/04.2021. As per the recommendation of the 7th follow up report, the balance amount of Nu.161,495.00 should be recovered from the individual and deposit into ARA along with 24% penalty. Further, 8th follow up report was issued vide RAA/FLSD (4-MoENR)/DoECC/2023/648 dated 12/10/2023. However, the observation remained unresolved. as of date.

3.4.9. OFFICE OF ATTORNEY GENERAL

The unsettled irregularity reported to the Parliament in March 2023 has been settled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Settled
	Total:	-	-	-	

Details of the irregularity which got settled as on 29 February 2024 is as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1. AUDIT CLEARANCE CERTIFICATES NOT OBTAINED

The officials of the OAG had availed short-term trainings without obtaining Audit Clearance Certificates as required by BCSR. The HR Section had failed to ensure compliance to requirements of the extant rules. *(AIN: 16146; OB No: 3; Accountabilities: Direct; Deki Choden Dorji, Asstt. HRO, EID No. 20190113551; Supervisory: Dasho Shera Lhendup, AG, CID No. 10605001348)*

Status: *Observation settled.*

The observation has been settled based on the justification furnished by the OAG.

3.4.10. ROYAL UNIVERSITY OF BHUTAN

The unsettled irregularities of Nu.9.164 million reported to the Parliament in March 2023 had remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	9.164	-	9.164	
5	Shortfalls, lapses and deficiencies				Unsettled
	Total:	9.164	-	9.164	-

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 9.164 MILLION

The cases of non-compliance to laws and rules involving Nu. 9.164 million are as indicated below:

4.3. NON-LEVY OF LIQUIDATED DAMAGES - NU. 9.164 MILLION

The College of Natural Resources (CNR) had not levied liquidated damages amounting to Nu.9.164 million for delay of 389 days in the construction of Academic Buildings and its site development from M/s Raven Builders Pvt. Ltd. The contractor was already granted two time extensions aggregating to 169 days till 17 July 2018, but the works were incomplete at the time of audit in August 2019. *(AIN: 16280; OB No: 1.1; Accountabilities: Direct: Yadav Dhungana, Site Supervising Engineer, EID No. RUB1502002, M/s Raven Builders Pvt. Ltd, CDB No. 2356; Supervisory: Dr. Phub Dorji, President, EID No. 9312018)*

Status: *Observation not settled.*

The case is being reported under the Supreme Court. A follow up remainder has been served vide letter No. RAA/OAAG(T)/AR/CNR-PLC/2023-2024/0090 dated 21 Sept. 2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.4	Delayed encashment of claims against Bank Guarantees			Unsettled
	Total:			

5.4. DELAYED ENCASHMENT OF CLAIMS AGAINST BANK GUARANTEES

The CNR could not encash the renewed Bank Guarantee amounting to Nu.13.700 million of M/s Raven Builders Pvt. Ltd., Gelephu in the construction of academic block and site development works. The Bank Guarantee was obtained against Performance Security of Nu.6.580 million and Mobilization Advance of Nu. 6.580 million from the Bhutan National Bank Limited, Wangdue Phodrang. *(AIN: 16280; OB No: 1.3; Accountabilities: Direct: Yadav Dhungana, Site Supervising Engineer, EID No. RUB1502002; M/s Raven Builders Pvt. Ltd, CDB No. 2356; Supervisory: Dr. PhubDorji, President, EID No. 9312018)*

Status: *Observation not settled.*

The case is being reported under the Supreme Court. A follow up remainder has been served vide letter No. RAA/OAAG(T)/AR/CNR-PLC/2023-2024/0090 dated 21 Sept. 2023.

3.4.11. GELEPHU THROMDE

Out of the unsettled irregularities of Nu. 13.010 million reported to the Parliament in March 2023, Nu. 11.934 million was settled leaving a balance of Nu.1.076 million as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	1.052	1.052	-	100
5	Shortfalls, lapses and deficiencies	11.958	10.882	1.076	91
	Total:	13.010	11.934	1.076	92

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.6	Payment without supporting documents	1.052	1.052	Settled
	Total:	1.052	1.052	

4. 6. PAYMENT WITHOUT SUPPORTING DOCUMENTS - NU.1.052 MILLION

The Gelephu Thromde had failed to produce supporting documents for expenditures amounting to Nu.1.052 million towards DSA and retirement benefits. *(AIN: 16303; OB No: 4; Accountabilities: Direct: Jamyang Gyeltshen, Accounts Officer, EID No. 201201151; Supervisory: Pema, Former Executive Secretary, EID No. 9801096)*

Status: *Observation settled.*

The observation was settled based on the justification and supporting documents produced and verification carried out. Accordingly, a follow up report has been issued vide letter No. RAA/OAAG(T)FUS-02/2023-2024/0121 dated 20/11/23.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.521 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.521 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024
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		31 March 2023 (Nu. in million)		(Nu. in million)
5.9	Outstanding Advances	11.958	10.882	1.521
	Total:	12.315	11.239	1.521

5.9. OUTSTANDING ADVANCES - NU. 11.958 MILLION

The Gelephu Thromde had not adjusted Public Work Advances amounting to Nu.11.958 million lying against parties, individuals and contractors for the FY 2017-18. Most of the advances pertained to mobilization and material advances and were not adjusted as on 30 June 2019. (AIN: 16359; OB No: 10; Accountabilities: Direct: Tshering Wangchuk, Accounts Assistant, EID No: 200207191; M/s Tsentop Construction Pvt. Ltd., CDB No. 4801; Supervisory: Paras Moktan, Dy. Chief Finance Officer, EID No. 9411005)

Status: Observation partially settled.

The adjustment documents furnished by the Thromde for Nu. 10,881,631.83 has been accepted. The balance advance of Nu. 1,520,992.00 as against M/s Chokimo Construction stands recoverable.

The court judgment enforcement is still pending as M/s. Chokimo Construction had appealed to Thrompon, Gelephu on 2 March 2023 requesting for time extension until 31 March 2023 for making payment as the observation reflected in AIN 17630, Observation No.5 also pertains to the same contractor.

3.4.12. PHUENTSHOLING THROMDE

Out of the unsettled irregularities of Nu. 5.350 million reported to the Parliament in March 2023; Nu. 0.751 million was settled leaving a balancee of Nu.4.599 million as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023(Nu.M)	Settled/ Resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	4.595	-	4.595	-
5	Shortfalls, lapses and deficiencies	0.755	0.751	0.004	99
	Total:	5.350	0.751	4.599	14.04

The details of the irregularities settled and balances as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 4.595 MILLION

The cases of non-compliance to laws and rules involving Nu. 4.595 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Non-recovery of 20% penalty for incomplete works and payment at higher rate	3.606	-	3.606
4.2	Inappropriate rate analysis	0.989	-	0.989
	Total:	4.595	-	4.595

4.1. NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS AND PAYMENT AT HIGHER RATE – NU. 3.606 MILLION

The Phuentsholing Thromde had not realized 20% penalty on the value of incomplete works amounting to Nu. 3.166 million from the contractor upon termination of contract in the construction of Urban Road (Base Course & Permanent works) at Pekarzhang. The contract was terminated due to failure of M/s K.W Construction Pvt. Ltd., Thimphu to re-submit Performance Security in accordance to the revised due date of completion from earlier 25 November 2017 to 25 January 2018.

Further, the contractor was paid Nu. 0.440 million in excess for preparation of sub grade due to payment at a rate higher than quoted rate. (AIN: 16337; OB No.: 7; Accountabilities: Direct: Wangchuk Thaye, Exe. Secretary, EID No.: 9407082; Uma Pradhan, Accounts Officer, EID No.: 201101060; Nima Wangmo, Env. Officer, EID No.: 20160106396; Govinda Sharma, Sr. Architect, EID No.: 201001102; Tshewang Jeipo, Chief Engineer, EID No.: 200601091; Lobzang, Principal Engineer, EID No.: 8403052); Supervisory: Wangchuk Thaye, Exe. Secretary, EID No.: 9407082; Uma Pradhan, Accounts Officer, EID No.: 201101060; Nima Wangmo, Env. Officer, EID No.: 20160106396; Govinda Sharma, Sr. Architect, EID No.: 201001102; Tshewang Jeipo, Chief Engineer, EID No.: 200601091; Lobzang, Principal Engineer, EID No.: 8403052)

Status: Observation not settled.

As per the follow-up report no. RAA/OAAG-Pling/MoWHS-Thromde-D21/2020/528 date 25.09.2020 issued by RAA an amount of Nu.3.606 million along with 24% penalty stands recoverable. The observation remains unsettled as no ATR response has been received as of the date.

4.2 INAPPROPRIATE RATE ANALYSIS – NU. 0.989 MILLION

The Phuentsholing Thromde had to change the BoQ specification of ‘Providing & Laying Precast Stone Masonry blocks (1:5:8) in cement mortar 1:6 in foundation and plinth - 20cm thick (preferably factory made paver blocks)’ to precast masonry blocks of 60mm thick in the Landscaping and Beautification Project, Phase II due to non-availability of Precast Stone Masonry blocks in the factory. The work was awarded to M/s Druksam Builders, Phuentsholing. However, Thromde had analyzed and accepted the rate of Nu. 885.48 per square meter for 60mm thick paver blocks for providing and laying precast

masonry blocks of 20cm (200mm) thick which stand inappropriate. (AIN: 16337; OB No.: 12.1; Accountabilities: Direct: Migma Sherpa, Jr. Engineer, EID No. 200607017; Supervisory: Karma Thinley, E. Engineer, EID No.: 8403053; Lobzang, Principal Engineer, EID No.: 8403052)

Status: Observation not settled.

The amount of Nu.0.989 million along with 24% penalty stands recoverable. As reported the case has been registered with Dungkhag Court on 21 Dec. 2022 and the court verdict is being awaited.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.728 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.0728 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Excess Payment	1.046	0.751	0.295
5.3	Outstanding Advances	0.433	-	0.433
	Total:	1.479	0.751	0.728

5.1. EXCESS PAYMENT - NU. 1.046 MILLION

The cases of excess payments are as follows:

- a) The Phuentsholing Thromde had made excess payment of Nu. 0.084 million to M/s Jurmey Rabten Youngdrup Construction for steel works in Dismantling & Re-roofing of PMSS (Location II) near Rabten Workshop. The excess payment occurred due to difference in quantities claimed by the contractor and actual quantities executed at site for steel welding works. (AIN: 16193; Ob. No: 9; Accountabilities Direct: Budhi Man Darjee, AE (EID No.200807191), UgyenChoden, Technician, EID No.200301058, M/s JurmeyRabtenYoungdrup Construction, CDB Registration No. 7837; Supervisory: Lobzang, PE, EID No. 8403052)

Status: Observtion not settled.

The amount of Nu. 0.084 million along with 24% penalty stands recoverable as of date.

- e) The Phuentsholing Thromde had made excess payment of Nu. 0.751 million to M/s De-Keeling Builders Pvt. Ltd. in the construction of Access Road at Dhamdara. The excess payment occurred due to payment on works not executed, double payments and payment for more quantities of work than actually executed. (AIN: 16337; Ob. No: 4.1; Accountabilities Direct: Karma Tenzin, Asst. Engineer, EID 20140103523, M/s De-Keeling Builders Pvt. Ltd, CDB 2283; Supervisory: Lobzang, Principal Engineer, EID No. 8403052, Karma Thinley, E. Engineer, EID No. 8403053)

Status: Observation settled.

An amount of Nu.0.751 million along with 24% penalty was fully recovered vide receipt no. 01917 dated 01/06/2022; 01931 dated 01/07/2022; 01702 dated 15.5.23 and 01703 dated 16.5.23 and the observation settled.

- h) The Phuentsholing Thromde had made excess payment of Nu. 0.211 million to M/s Druksam Builders in the Landscaping and Beautification Project Phase-II works. The excess payment had occurred due to differences in quantities claimed by the contractor and actual quantities executed at site besides payment at rate higher than the quoted rate for an item. (AIN: 16337; Ob. No: 12.2; Accountabilities Direct: Migma Sherpa, Jr. Engineer EID No. 200607017, M/s Druksam Builders, CDB. 3737; Supervisory: Karma Thinley, E. Engineer, EID No. 8403053, Lobzang, Principal Engineer, EID No. 8403052)

Status: Observation not settled.

The amount of Nu.0.211 million along with 24% penalty stands recoverable. As reported the case has been registered with Dungkhag Court on 21 Dec. 2022 and the court verdict is being awaited.

5.3 OUTSTANDING ADVANCES – NU. 0.443 MILLION

The Phuentsholing Thromde had not adjusted Public Work Advances and Personal Advances amounting to Nu. 0.500 million against the officials pertaining to Financial Year 2017-2018. Nu.0.277 million pertains to Public Work Advances and Nu.0.224 million was for Personal Advances. (AIN: 16337; OB No: 14; Accountabilities: Direct: Krishna Chhetri, Accountant, EID No: 9709054; Supervisory: Uma Pradhan, Accounts Officer, EID No: 201101060)

Status: Observation not settled.

Out of total amount of Nu.0.500 million, an amount of Nu.0.057 million is adjusted. However, the balance amount of Nu. 0.443 million along with 24% penalty stands recoverable. As reported the case has been registered with Dungkhag Court on 21 Dec. 2022 and the court verdict is being awaited.

3.4.14. THIMPHU THROMDE

Out of the total unsettled irregularities of Nu. 18.513 million reported to the Parliament in March 2023; Nu. 0.331 million has been settled leaving a balance of Nu. 18.182 million as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud Corruption	0.411	0	0.411	-
3	Mismanagement	8.132	-	8.132	-
4	Non-compliance to Laws and Rules	5.610	0.055	5.555	0.98
5	Shortfalls, Lapses and Deficiencies	4.360	0.276	4.084	6.33
Total:		18.513	0.331	18.182	1.79

The details of the irregularities which are settled and unsettled ones as on 29 February 2024 are as discussed below:

1. FRAUD AND CORRUPTION - NU. 0.411 MILLION

The cases with elements of fraud and corruption involving Nu.0.411 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
1.1	Overpayment to the contractor	0.099	-	0.099
1.2	Excess payment due to difference in quantities	0.312	-	0.312
Total:		0.411	-	0.411

1.1. OVERPAYMENT TO CONTRACTOR - NU. 0.099 MILLION

The Thimphu Thromde had made overpayment to M/s Sonam Yangdak Construction in the construction of sewer network for YHS area amounting to Nu. 0.412 million for the works not executed at site. The overpayments were made on HDPE (Druk Pipes) and Manholes not executed in YHS area.

The lapses had occurred due to improper verification and certification of contractor's bills for payment and failure on the part of the Supervising Engineer to carry out necessary checks to ensure the admissibility of contractor's claims. (AIN: 15979; OB No: 1.1; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer EID No. 201001755; Sonam Yangdak Construction, CDB No.2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation not settled.

An excess payment of Nu. 313,230.00 (170,505+142,725) has been deposited into ARA vide receipt No.03067 dated 29/06/2021.

However, the balance of Nu.99,000.00 which pertained to the missing manholes is being investigated by the ACC and currently case is under review by the OAG.

1.2. EXCESS PAYMENT DUE TO DIFFERENCE IN QUANTITIES - NU. 0.312 MILLION

- a) The Thimphu Thromde had made excess payment of Nu.0.504 million to M/s Chimi Phagma Construction in the Construction of Sewer Network for Motithang, Changangkha and adjoining areas. The excess payment was due to the differences in quantities claimed by the contractor and actual quantities executed at site. (AIN: 15979; OB No: 3.1; Accountabilities: Direct: Thinley Penjor, Engineer, EID No. 201001177; Chimi Phagma Construction, CDB No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation not settled.

A joint field verification was conducted on 23 April 2019 involving ACC, RAA and TT officials and unearthed 50 manholes as against 76, while remaining 26 manholes were found not constructed/installed by the contractor, Chime Phagma Construction at Mothithang, Changangkha and adjoining areas. The restitution and recovery of Nu.312,000.00 for 26 missing manholes is in a trial Court. As such, Judgement from the Court is being awaited.

3. MISMANAGEMENT – NU. 8.132 MILLION

The cases of mismanagement involving Nu.8.132 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/R esolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
3.1	Wasteful expenditure on design and construction of bridge	7.599	-	7.599
3.2	Wasteful expenditure on surveys and study	0.533	-	0.533
	Total:	8.132	-	8.132

3.1. WASTEFUL EXPENDITURE ON DESIGN AND CONSTRUCTION OF BRIDGE - NU. 7.599 MILLION

The Thimphu Thromde had incurred expenditure amounting to Nu. 7.599 million on the design and site development works for the construction of 30-meter permanent double lane RCC rigid frame bridge near Ministerial Enclave, Motithang. The Thromde had incurred expenditures of Nu. 2.025 million for procuring MIDAS software, Nu. 1.800 million for drawing and design fees, Nu. 1.300 million for site establishment and Nu. 2.474 million for equipment, materials and other associated costs.

The work was awarded to CDCL and later cancelled as per the directives of MoWHS. The lapses had occurred due to lack of proper planning, need assessment, coordination, consultative feedback and approval from the competent authority prior to design and award of the work. (AIN: 15859; OB No: 7; Accountabilities: Direct: Ngawang Tashi, Dy. Executive Engineer, EID No: 201201105; Supervisory: Kinlay Dorjee, Thrompon, CID No. 1141000297)

Status: Observation not settled.

Thimphu Thomde failed to provide appropriate justifications and produce written directives from MoWHS for the cancellation of the awarded work after incurring huge expenditure.

While the penalties for delays in the construction of MLCP-1 & 2 have been waived off by the Lhyengye Zhungtshog vide letter no.C-3/66/2020/623 dated 8 July 2020 as per the Ministry of Finance letter no. MoF/FS-35/2020-2021/1887 dated 7 August 2020, the increase in cost of construction due to change in design has not been endorsed by the Project Steering Committee of the Ministry of Finance. Further, the extension of concession period of 10 years is yet to be approved by the Lhyengye Zhungtshog

3.2. WASTEFUL EXPENDITURE ON SURVEY AND STUDIES - NU. 0.533 MILLION

The Thimphu Thomde had incurred expenditure amounting to Nu. 0.533 million on various survey and studies for the construction of the underpasses in Thimthrom. The work was awarded to CDCL and later stopped on verbal instruction from the Cabinet. The lapses had occurred due to lack of proper planning, need assessment, coordination, consultative feedback and approval from the competent authority prior to design and award of the work. (AIN: 15859; OB No: 8; Accountabilities: Direct: Ngawang Tashi, Dy. Executive Engineer, EID No: 201201105; Supervisory: Ngawang Tashi, Dy. Executive Engineer, EID No: 201201105)

Status: Observation not settled.

Thimphu thomde failed to produce the official letter in order to validate the verbal order of the Cabinet for stopping the work. The serveral follow up reminder letters were served, the latest one 15th follow up reminder letter No.RAA/FUCD/14-Auto) Thim. Thom/2023/725 dtded 26.10.23.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 5.555 MILLION

The cases of non-compliance to laws and rules involving Nu. 5.555 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Non-levy of Liguaidated Damages	-	-	Unsettled
4.3	Ad-hoc procurement without proper feasibility studies	-	-	Unsettled
4.5	Non-levy of liquidated damages	1.150	-	1.150
4.6	Sub-standard and incomplete footpath works	-		Unsettled
4.7	Non-renewal of Bank Guarantee	1.150	-	1.150
4.8	Non-termination of the Contract	-		Unsettled
4.9	Non-collection of differential security amount	3.255	-	3.255
4.12	Construction of chambers other than specified	0.055	0.055	-
	Total:	5.610	0.055	5.555

4.1. NON-LEVY OF LIQUIDATED DAMAGES

The Thimphu Thromde had not levied applicable liquidated damages to M/s KCR Pvt. Ltd. for delays in the construction of Multi-Level Car Parks (MLCP) 1 and 2 in Thimthrom. The actual completion date of the work as per Concession Agreement was November 2017 and July 2017 respectively. The Thromde had neither enforced provisions of the contract on liquidated damages nor terminated the works despite delay of more than 180 days at the time of audit in March 2018. (AIN: 15859; OB No: 2.1; Accountabilities: Direct: Ugyen Lhamo, Assistant Engineer, EID No: 9901114; KCR Construction Pvt. Ltd, Trade License No: 1032132; Supervisory: Kinlay Dorjee, Thrompon, CID No: 1141000297)

Status: Observation not settled.

It has been noted, as per the Ministry of Finance letter no. MoF/FS-35/2020-2021/1887 dated 7 August 2020, the Lhyengye Zhungtshog has approved the waiver of penalty for delays in constructions of MLCP-1 & 2 vide letter no.C-3/66/2020/623 dated 8 July 2020, as per the Ministry of Finance letter no. MoF/FS-35/2020-2021/1887 dated 7 August 2020.

However, the penalty has been waived off for the delays in construction, the increase in cost of construction due to change in design has not been endorsed by the Project Steering Committee of the Ministry of Finance. Further, the extension of concession period of 10 years is yet to be approved by the Lhyengye Zhungtshog. RAA awaits the decision on the extension of concession period, until such time the observations shall remain unresolved.

4.3. AD-HOC PROCUREMENT WITHOUT PROPER FEASIBILITY STUDIES

The Thimphu Thromde had incurred expenditure of Nu.13.896 million on the ad-hoc procurement of two road sweeping machines. As there was no approved budget for the procurement, the payment was met from Thromde Reserve Fund and World Bank Project. The Thromde had also not carried out proper feasibility studies in terms of effectiveness of sweeping machines with due consideration of road conditions in and around Thimphu Thromde. A four-member inspection team from Thimphu Thromde had visited factory premises prior to delivery of machines but had failed to submit report on efficiency and functionality of machines. This was indicative of non-inspection of road sweeping machine despite having incurred huge travel expenses of Nu. 0.263 million. (AIN: 15859; OB No: 3.1 and 3.2; Accountabilities: Direct: Kinlay Dorjee, Thrompon, CID No. 1141000297; Supervisory: Kinlay Dorjee, Thrompon, CID No: 1141000297)

Status: Observation No. 3.1 not settled & observation No. 3.2 settled.

Thimphu Thromde is yet to fix the problems of two road sweeping machies and furnish the detailed report on the economy, effeciency and effectiveness of the machines. However, the observation No. 3.2 was resolved based on the verifcatiton of functionality test report.

4.5. NON-LEVY OF LIQUIDATED DAMAGES - NU. 1.150 MILLION

The Thimphu Thromde had not levied liquidated damages amounting to Nu.1.150 million to M/s Goodwill Construction Pvt. Ltd. for delay/non-completion in the construction of footpath, drains and RRM walls. The actual completion date of work was 25 July 2016 but later granted a time extension of 45 days and scheduled the completion date at 08 September 2016. (AIN: 15859; OB No: 6.5; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation not settled.

As of date, Thimphu Thromde has not recovered the liquidated damages of Nu. 1,150,009.79 from the contractor as recommended in the audit report.

4.6. SUB-STANDARD AND INCOMPLETE FOOTPATH WORKS

The M/s Goodwill Construction Pvt. Ltd. had not laid 60mm thick hydraulic pressured interlocking block on the footpath as required by BoQ in the construction of footpath, drains and RRM walls. The contractor had left work unattended and Thimphu Thromde had failed to take appropriate actions which had resulted in the sub-standard quality in portions of works completed and non-completion of contract.

Further, the footpath had portions with worn out PCC works, stretches filled with soil, damaged edging works and portions buried under bushes. (AIN: 15859; OB No: 6.6; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation not settled.

As agreed in the audit exit meeting, the Thromde management should take necessary action on the contractor to rectify the poorly executed PCC works along the Footpaths within the ATR date and furnish a rectification report to RAA along with photographic evidence for verification and records. However, so far no ATR response has been received.

4.7. NON-RENEWAL OF BANK GUARANTEE - NU. 1.150 MILLION

The Thimphu Thromde had not ensured renewal of Bank Guarantee against Performance Security amounting to Nu.1.150 million for the construction of drains, footpaths and RRM walls in and around Thimphu Thromde awarded to M/s Goodwill Construction Pvt. Ltd., Thimphu. The Bank Guarantee expired on 22 July 2016 and was not renewed by the contractor. (AIN: 15859; OB No: 6.7; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation not settled.

Thimphu Thromde has not taken appropriate legal action against the contractor as recommended in the audit report. To this, the latest reminder letter vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23 was served.

4.8. NON-TERMINATION OF CONTRACT

The Thimphu Thromde had neither terminated the contract as per contract agreement nor taken any other action against M/s Goodwill Construction Pvt. Ltd. for non-completion of work and abandonment in the construction of drains, footpaths and RRM walls. The Contractor had availed time extension of 45 days and then stopped works from 15 March 2017. (AIN: 15859; OB No: 6.8; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: *Observation not settled.*

Thimphu Thromde has failed to take appropriate actions as per the laws of the land and recover all the outstanding amounts from the contractor including the 20% of incomplete works as agreed during the audit exit meeting. To this, the latest follow up reminder letter vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23 was served.

4.9. NON-COLLECTION OF DIFFERENTIAL SECURITY AMOUNT - NU. 3.255 MILLION

The Thimphu Thromde had neither rejected the abnormally low bid nor collected additional differential security amount of Nu.3.255 million from the Lowest Evaluated Bidder, M/s Goodwill Construction Pvt. Ltd. in the Construction of Drains, Footpaths and RRM Walls.

M/s Goodwill Construction's bid was 22.06% below Thromde's estimates. Accepting abnormally low bid had resulted in poor quality of works, delays in completion and subsequent abandonment of works. (AIN: 15859; OB No: 6.9; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: *Observation not settled.*

The RAA accepted the cautionary note served to the responsible officials and assurance for adherence to the PRR, however, whether any action is being taken against the contractor as the contractor had left the works incomplete in not known. To this, the latest follow up reminder letter vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23 was served.

4.12. CONSTRUCTION OF CHAMBERS OTHER THAN SPECIFIED – NU 0.024 MILLION

The Thimphu Thromde had accepted 13 chambers sized 900x900 mm instead of the specified 1300x1300 mm as per BoQ in the construction of Sewer Network for YHS area which resulted in the excess payment of Nu. 0.055 million to M/s Sonam Yangdak

Construction. (AIN: 15979; OB No: 1.2; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Sonam Yangdak Construction, CDB No: 2775; Supervisory: Jigme Dorji, Chief Engineer, EID No: 200201095)

Status: Observation not settled.

An amount of Nu.54,600.00 was deposited into ARA vide receipt no.03067 dated 29/06/2021. However, the RAA regrets to inform that the waiver of penalty amount of Nu.23,730.81 could not be considered on the assumption of having several lockdowns. Infact the first Nation wide lockdown happened in August 2020. As such, the penalty of Nu.23,730.81 stands recoverable as of the date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 4.084 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu.4.084 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.1	Damages to public roads and land by constructions	-	-	Unsettled
5.2	Overpayment in Construction	1.273	0.225	1. 048
5.3	Non-recovery of Mobilization and Material Advances	1.179	-	1.179
5.4	Non recovery of excess payment	0.508	-	0.508
5.5	Outstanding Advances	0.191	0.051	0.140
5.6	Unjustified payment for hard rock cutting	0.893	-	0.893
5.8	Acceptance of Defective Work	-	-	Unsettled
5.9	Inadmissible payment	0.316	-	0.316
	Total:	4.360	0.276	4.084

5.1. DAMAGES TO PUBLIC ROADS AND LAND BY CONSTRUCTIONS

The Thimphu Thromde had not taken any action against private individuals and corporate offices for damages and destruction caused to government property by respective building construction works in Babesa Thimphu indicating inadequate monitoring and inspection of sites under development.

The construction of DGPC office had damaged 960.43 sq.m of government land and public road; constructions of four private buildings had damaged blacktopping and L-drains for road measuring 67 meters; and building construction belonging to Dratshang Lhentshog had damaged 18 meters of public roads. (AIN: 15859; OB No: 1; Accountabilities: Direct: Kinlay Dorjee, Thrompon, CID No:1141000297; Supervisory: Kinlay Dorjee, Thrompon, CID No. 1141000297)

Status: Observation not settled.

Thimphu Thomde has not submitted further action taken report to the RAA as of date. The latest 15th follow up reminder letter No.RAA/FUCD/14-Auto) Tim. Thom/2023/725 dtded 26.10.23 has been served.

5.2. OVERPAYMENT IN CONSTRUCTION - NU. 1.273 MILLION

- a) The Thimphu Thomde had made overpayment of Nu. 0.253 million to M/s Goodwill Construction Pvt. Ltd. for construction of drains, footpaths and RRM walls in and around Thimphu Thomde due to application of wrong BoQ rate, improper verification and certification of contractor's bill for payment. (AIN: 15859; OB No: 6.1; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No: 20140103289)

Status: *Observation not settled.*

Out of an excess payment of Nu. 252,747.50 to contractor a sum of Nu. 225,337.00 was recovered and deposited into ARA vide RAA receipt no. 02950-dated 18.12.23, thereby leaving balance of Nu. 27,410.50. The observation remains unsettled as no ATR response has been received as of the date.

- b) The Thimphu Thomde had made overpayment of Nu. 0.209 million to M/s Goodwill Construction Pvt. Ltd. for construction of drains, footpaths and RRM walls in and around Thimphu Thomde due to wrong recording of measurement, improper verification and certification of contractor's bill for payment. (AIN: 15859; OB No: 6.2; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No: 20140103289)

Status: *Observation not settled.*

Thimphu Thomde is yet to recover and deposit the excess payment of Nu.209,455.65 into the Audit Recoveries Account along with a 24% penalty and also to take appropriate administrative action against the responsible officials.

- c) The Thimphu Thomde had made overpayment of Nu. 0.535 million to M/s C.N Construction in the construction and maintenance of roads, drains and footpaths along Changangkha road. The over payment had occurred due to discrepancies in quantities passed as per Measurement Book and quantity physically measured at site, improper verification and certification of contractor's bill for payment. (AIN: 15979; OB No: 6.3; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; M/s C.N Construction, CDB License No. 3512; Supervisory: Dhendup Lhamo, Engineer, EID No: 20140103289)

Status: Observation not settled.

The recovery of Nu.0.535m is stated to have been adjusted from the final bill payment, however, a copy of final bill along with the verified MB was not produced for verification. To this, Latest follow up reminder vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23 was served.

- e) The Education Sector, Thimphu Thromde had made overpayment of Nu. 0.276 million to M/s Zeko Construction in the construction of an eight-unit class room with Academic Block at Dechencholing HSS due to application of wrong BoQ rate, improper verification and certification of contractor's bill for payment. (AIN: 16120; OB No: 4.3; Accountabilities: Direct; Tshering Dorji, Asstt. Engineer, EID No: 20140103519; M/s Zeko Construction, CDB No: 2265; Supervisory: Nagphel Dukpa, Offgt. Chief Engineer, EID No:8601090)

Status: Observation not settled.

Thromde management should recover the overpayment of Nu.275,784.20 from the contractor and deposited into the Audit Recoveries Account along with 24% penalty applicable from the date of issue of the report.

5.3. NON-RECOVERY OF MOBILIZATION AND MATERIAL ADVANCES - NU. 1.179 MILLION

The Thimphu Thromde had failed to recover outstanding advances of Nu.1.179 million from M/s Goodwill Construction Pvt. Ltd. in the construction of drains, footpaths and RRM walls in and around Thimphu Thromde. Nu.1.150 million pertained to 10% Mobilization Advance and Nu.1.374 million pertained to Materials Advance.

The Contractor had completed only 46.71% of works even after the expiry of LD period and works remained unattended. The Thromde had not taken any action against contractor despite delay in completion of the works at the time of audit in August 2018. (AIN: 15859; OB No: 6.3; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No. 20140103289)

Status: Observation not settled.

A sum of Nu. 1,179,240.00 was stated to have been adjusted from the final bill payment. However, a copy of final bill payment voucher along with the verified MB was not produced for verification. A follow up reminder has been sent vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23.

5.4. NON-RECOVERY OF EXCESS PAYMENT - NU. 0.508 MILLION

The Thimphu Thromde had not recovered excess payment of Nu. 0.508 million from the 1st Running Account Bill of M/s Goodwill Construction Pvt. Ltd. in the Construction

of drains, footpaths and RRM walls. The non-adjustment of the excess payment from the subsequent RA bills indicates laxity of the concerned officials while certifying the contractor's claims for payment. (AIN: 15859; OB No: 6.4; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No. 20140103289)

Status: Observation not settled.

The amount of Nu. 507,800.00 stands recoverable along with 24% penalty. A follow up reminder has been sent vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23.

5.5. OUTSTANDING ADVANCES - NU. 0.191 MILLION

The Thimphu Thromde had not adjusted outstanding Public Work Advances amounting to Nu. 0.191 million against M/s Namdrol Construction and M/s Chimi Wangmo Construction pertaining to FY 2012-13 and FY 2016-17 respectively. (AIN: 15859; OB No: 25; Accountabilities: Direct: Tek nath, Dy. Executive Engineer, EID No: 201001178; Tashi Kencho, Dy. Executive Engineer, EID No: 200307026; M/s Namdrol Construction, CDB No: 3207; Supervisory: Tek nath, Dy. Executive Engineer, EID No: 201001178; Tashi Kencho, Dy. Executive Engineer, EID No.:200307026)

Status: Observation not settled.

An amount of Nu.50,633.00 has been recovered vide receipt no.429388 dated 02/12/2019 from M/s Chimi Wangmo Construction leaving a balance of Nu.140,367.00. A follow up reminder has been sent vide RAA/FUCD/(14-Auto)/Thimthrom/2023/725 dated 26.10.23.

5.6. UNJUSTIFIED PAYMENT FOR ROCK CUTTING WORKS - NU. 0.893 MILLION

- a) The Thimphu Thromde had made unjustified payment of Nu. 0.226 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network for YHS area to M/s Sonam Yangdak Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No 1.3; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Sonam Yangdak Construction, CDB No: 2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation not settled.

The observation has remained unresolved as of date, as the ATR response not yet received.

- b) The Thimphu Thromde had made unjustified payment of Nu. 0.265 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network at Upper Taba and Upper Langjophakha to M/s Chimi Phagma Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No: 2.2; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Chimi Phagma Construction, CDB No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: *Observation not settled.*

The observation has remained unresolved as of date, as the ATR response not yet received.

- c) The Thimphu Thromde had made unjustified payment of Nu. 0.287 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network at Motithang, Changangkha and adjoining areas to M/s Chimi Phagma Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No: 3.2; Accountabilities: Direct: Thinley Penjor, Engineer, EID No. 201001177; M/s Chimi Phagma Construction, CDB No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: *Observation not settled.*

The observation has remained unresolved as of date, as the ATR response not yet received.

- d) The Thimphu Thromde had made unjustified payment of Nu. 0.115 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network at Motithang and Kawajangsa areas to M/s Sonam Yangdak Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No: 4.2; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Sonam Yangdak Construction, CDB No: 2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: *Observation not settled.*

The observation has remained unresolved as of date, as the ATR response not yet received.

5.8. ACCEPTANCE OF DEFECTIVE WORKS

The Education Sector, Thimphu Thromde had accepted defective works executed by M/s Zeko Construction in the construction of an eight-unit classroom with Academic Block at Dechencholing HSS constructed at a cost of Nu.12.636 million. Sub-standard works and major defects including cracks on several parts of the buildings were noted and toilets were also not usable due to leakages. (AIN: 16120; OB No: 4.1; Accountabilities: Direct: Tshering Dorji, Asstt. Engineer, EID No: 20140103519; M/s Zeko Construction, CDB No: 2265; Supervisory: Nagphel Dukpa, Offgt. Chief Engineer, EID No: 8601090)

Status: *Observation not settled.*

The observation has remained unresolved as of date, as ATR has not been received yet. A follow up reminder has been sent vide RAA/FUCD/(14Auto)/Thimthrom/2023/725 dated 26.10.23.

5.9. INADMISSIBLE PAYMENTS - NU. 0.316 MILLION

The Education Sector, Thimphu Thromde had made inadmissible payments of Nu.0.316 million to M/s Zeko Construction in the construction of eight-unit class rooms with Academic Block at Dechencholing HSS. The inadmissible payment had occurred due to double payment for filling works in the ground floor and 16mm dia TMT rod for footing and plinth beam and payments made for works unexecuted. (AIN: 16120; OB No: 4.2; Accountabilities: Direct: Tshering Dorji, Asstt. Engineer, EID No: 20140103519; M/s Zeko Construction, CDB No: 2265; Supervisory: Nagphel Dukpa, Offgt. Chief Engineer, EID No: 8601090)

Status: *Observation not settled.*

The observation has remained unresolved as of date, as ATR has not been received yet. A follow up reminder has been sent vide RAA/FUCD/(14Auto)/Thimthrom/2023/725 dated 26.10.23.

3.5. CORPORATIONS

During the year 2019 8 Corporations had unresolved irregularities amounting to Nu. 38.842 million as follows:

3.5.1. BHUTAN POSTAL CORPORATION LIMITED

Out of the unsettled irregularities of Nu.1.824 million reported to the Parliament in March 2023; Nu. 0.794 million was settled leaving a balance of Nu.1.030 million as on 29 February 2024 as shown in the table below.

Sl. No.	Brief Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	1.824	0.794	1.030	44
	Total:	1.824	0.794	1.030	43.53

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.030 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.030 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Non-renewal of Post Box Rentals	1.508	0.738	0.770
4.2	Un-reconciled difference in tickets issued and ticket sales	0.090	-	0.090
4.3	Wrong pay fixation resulting into excess payment	0.226	0.056	0.170
	Total:	1.824	0.794	1.030

4.1. NON-RENEWAL OF POST BOX RENTALS - NU. 0.770 MILLION

The Bhutan Post had lost revenue amounting to Nu. 2.305 million due to non-renewal of lease for Post Box facility by clients and penalties amounting to Nu. 12.049 million due from defaulters.

The management had neither followed up with clients, nor cancelled expired lease agreements. The Post Boxes were occupied despite non-payment of rent, and there were clients on waiting list who could not obtain a post box. (AIN: 16401; OB No: 3; Accountabilities: Direct: Thinley Wangchuk, Dy. Manager, CID No: 11504002442; Supervisory: Sonam Cheki, Manager, CID No: 11515000257)

Status: Observation not settled.

Out of Nu. 2,305,000.00; Nu.1,534,534.00 was recovered leaving a balance of Nu. 770,466.00. A follow up reminder has been sent vide RAA/FUCD/Bpost/23/137 dtd.30.01.23.

4.2. UN-RECONCILED DIFFERENCE IN TICKETS ISSUED AND TICKET SALES NU. 0.090 MILLION

The Bhutan Post had un-reconciled differences amounting to Nu. 0.706 million in the tickets issued and sales of the tickets for City Bus services as on 31 July 2019. (AIN: 16401; OB No: 5; Accountabilities: Direct: Norbu Wangdi, CID No: 11501001819; Supervisory: Sangay Dorji, CID No: 10811000831)

Status: Observation partially settled.

Out of Nu. 0.706 million; Nu 0.616 million has been adjusted after reverification and Nu.0.100 was recovered leaving a balance of Nu.0.090 million as of date.

4.3. EXCESS PAYMENT DUE TO WRONG PAY FIXATION - NU. 0.170 MILLION

The Bhutan Post had wrongly fixed pay of officials resulting in excess payment of Nu. 4.787 million. The pay fixed was not in line with MoF circular issued on 16 February 2016 and most employees were given one to two increments in addition to basic pay, while some were found paid less than their entitlements. (AIN: 16401; OB No: 8; Accountabilities: Direct: Jigme Tenzin, Dy.G.M, CID No: 10712002191, EID No: 2011229; Norbu Zangmo, Dy.G.M, CID No: 1107000167; Pasang Tshering, Manager, CID No: 10811001709; Wangmo, Dy. Manager, CID No: 10101003892; Tashi Phuntsho, Senior Manager, CID No: 10604002394; Yeshey Peldon, Dy. Manager, CID No: 10104001649; Chencho Lhamo, Dy. Supervisor, CID No: 10804000119; Supervisory: Tshering Chhokie, Dy.G.M, CID No: 11410003735)

Status: Observation not settled.

Against the initial amount of Nu. 4.787 million objected by RAA, the amount has been rectified to Nu.2.236 million as per letter No. BP/IAU-03/2021/1322 dated 8.12.2021. Out of the final corrected figure Nu. 2.066 million has been adjusted based on the letter mentioned above leaving a balance amount of Nu. 169,985.00.00 recoverable from the separated employee of Bhutan Post and CBS

3.5.4. DUNGSUM CEMENT CORPORATION LIMITED

The unsettled irregularities of Nu.0.024 million reported to the Parliament in March 2023 has been settled as of 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.024	0.024	-	100
	Total:	0.024		-	-

The details of the irregularity which was settled as of 29 February 2024 is as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu. 0.024 million is as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.1	Outstanding Advances	0.024	0.024	Settled
	Total:	0.024	0.024	-

4.1. OUTSTANDING ADVANCES

The DCCL, Nganglam had not adjusted advances of Nu. 1.536 million against the eight parties/suppliers for supply of raw materials and spare parts as at 31 December 2018. The non-adjustment had occurred due to delay in delivery of the materials, spare parts and delay in declaration for which the advances were paid. (AIN: 16010; OB No: 3; Accountabilities: Direct: Tashi Tenzin, Asstt. Procurement Manager, EID/CID: 09934631/10205007554; Supervisory: Loday Zangpo, Procurement Manager, EID/CID: 9934632/ 11510002798)

Status: Observation settled.

The outstanding advances/credit sales reported in para 4.1 of AIN 16010 has been settled as the same issue was reported in the subsequent report observation No. 13 " Non-realization of credit sales and other receivables - Nu. 310,390,832.54" of AIN OAAGSJ-2023-11 (FY 2022). The matter shall be followed up through AIN. OAAGSJ-2023-11.

3.5.5. FOOD CORPORATION OF BHUTAN LIMITED

The unsettled irregularity of Nu. 1.585 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	1.585	-	1.585	-
	Total:	1.585	-	1.585	-

The details of unsettled irregularity as on 29 February 2024 is as discussed below:

2. EMBEZZLEMENT - NU. 1.585 MILLION

The case with element of embezzlement involving Nu. 1.585 million is as indicated below:

2.1 SHORTAGES OF STOCK - NU. 6.504 MILLION

The FCBL had overall shortages in food grains, agency items, physical cash and RNR items amounting to Nu. 6.504 million against various depots and farm shops due to non-reconciliation of the stocks. In addition, there were unreconciled differences between the Druk Inventory System and Enterprise Resource Planning (ERP) System for the year 2017. (AIN: 16093; OB No:

1; Accountabilities: Direct: Tashi Wangchuk, Ex-Depot Manager, Dagapela Depot, EID No. 909903; CID No. 10802000066; Kencho Dorji, Sales Assistant, Dagapela Depot, EID No. 919896; CID No. 11911000229; Phub Dem, Ex-Depot Manager, Paro, EID No. 919147; CID No. 10204000779; Bepak Subba, Ex-Farm Shop In-Charge, Chhumei, EID No. 920111; CID No. 11804000038; Jambay Nidup, Ex-Farm Shop In-Charge, Ura, EID No. 2017034; CID No. 12005003153; Karma Yonten, Ex-Farm Shop In-Charge, Lhamoizingkha, EID No. 2017022; CID No. 10711001312; Supervisory: Ugyen Choidup, Regional Manager, Gelephu, EID No. 850126; CID No. 10607000759; Pelden Tashi, Regional Manager, Thimphu, EID No. 919930; CID No. 11513000190)

Status: Observation not settled.

An amount of Nu. 4.919 million has been adjusted vide follow up report no.RAA/OAAG-Plig/FCBL-C34/25 datd.14/03/2022 and RAA/OAAG-Pling/FCBL-C34/2022/402 dated 20/10/2022. However, balance amount of Nu. 1.585 million still remains recoverable. Further administrative action need to be taken against Tashi Wangchuk, Ex-Depot Manager, Dagapela Depot, EID No. 909903; CID No. 10802000066 and Kencho Dorji, Sales Assistant, Dagapela Depot, EID No. 919896; CID No. 11911000229.

3.5.8. PENDEN CEMENT AUTHORITY LIMITED

The unsettled irregularities of Nu.3.528 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament in March 2023(Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb.2024 (Nu.M)
3	Non-Compliance to Laws and Rules	3.528	-	3.528
	Total	3.528	-	3.528

The details of unsettled irregularities as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 3.528 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.528 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
4.3	Short receipt and non-levy of penalty	1.951	-	1.951
4.4	Non-levy of liquidated damages	1.577	-	1.577
	Total:	3.528	-	3.528

4.3. SHORT RECEIPT AND NON-LEVY OF PENALTY - NU.1.951 MILLION

The PCAL, Gomtu had not received clinker valuing Nu.1.951 million from M/s Calcom Cement India Limited, Guwahati for which no penalty was levied as per the terms and conditions of contract documents. The lapse had occurred due to failure on the part of

management to follow up. (AIN: 16177; OB No.3; Accountabilities: Direct: Nar Bahadur Pradhan, Head, Production Department, CID No: 11213000944/PCAL ID No: 00162; Supervisory: Buddhi Raj Sharma, Director, CID No: 1180500615/PCAL ID No: 02003)

Status: Observation not settled.

ATR from the PCAL has not been received despite serving second follow up report vide letter No. RAA/OAAG-Pling/PCAL-C39/2023/94 dated 20/02/2023.

4.4. NON-LEVY OF LIQUIDATED DAMAGES - NU. 1.577 MILLION

The PCAL, Gomtu had not levied 10% liquidated damages of Nu. 1.577 million to M/s Omex Cranes Pvt. Ltd., Punjab for substantial delays in the 'Design, Supply, Installation, Testing and Commissioning of 10MT capacity of Electric Overhead Travelling (EOT) Crane' estimated at total cost of Nu. 15.775 million.

From the initial due date of 28 February 2018 for completion of design, fabrication, transportation to site and erection of EOT Crane, time extensions were granted till 30 September 2018, but there were no documents maintained to ascertain requirements of time extensions. In addition, the supplier had expressed reservations on the rail alignment, leveling and integrity of supporting structures indicating that proper study was not carried out prior to invitation of such tender.

Further, although the EOT Crane was delivered to PCAL on 14 January 2019, the crane had not been installed, tested and commissioned at the time of audit in June 2019. (AIN: 16177; OB No.:4; Accountabilities: Direct: Tshewang Dorji, Head, CMD, CID No: 10709002421/ PCAL ID No: 00202; Supervisory: Buddhi Raj Sharma, Director, CID No: 1180500615/PCAL ID No: 02003)

Status: Observation not settled.

ATR from the PCAL has not been received despite serving second follow up report vide letter No. RAA/OAAG-Pling/PCAL-C39/2023/94 dated 20/02/2023.

3.6. FINANCIAL INSTITUTIONS

During the year 2019, five Financial Institutions had unresolved irregularities amounting to Nu. 294.488 million as follows:

3.6.1. BHUTAN DEVELOPMENT BANK LIMITED

BDBL had one unsettled irregularity reported to the Parliament in March 2023. The same remained unsettled as of 29 Feb. 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	-	-	-	Unsettled
	Total:	-	-	-	-

The details of unsettled irregularity as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies are as indicated below:

5.1. INCONSISTENCY IN APPLICATION OF INSURANCE VALUE

The BDBL had inconsistencies in application of insurance values for properties mortgaged with the bank for two clients. The property that was insured previously and the consequent insurance for the same property need to be less than the previous insurance. The property is subjected to depreciation therefore the insurance value become lower than the previous value. Further, insuring the vehicle less than the invoice price has expose the bank to a higher risk. (AIN: 15795; OB No.:16; Accountabilities: Direct: Phub Dorji, CID No. 11410000199; Pem Tashi, CID No. 11705000923; Janga Bdr Rai, CID No.11307001401; Yonten, CID No. 11510002573; Yeshi K Tshering, CID No. 10811001382; Ugyen Tshewang, CID No. 11605002404; Tshering Dorji, CID No. 10601002053; Supervisory: Phub Dorji, CID No. 11410000199; Pem Tashi, CID No. 11705000923; Janga Bdr Rai, CID No.11307001401; Yonten, CID No. 11510002573; Yeshi K Tshering, CID No. 10811001382; Ugyen Tshewang, CID No. 11605002404; Tshering Dorji, CID No. 10601002053)

Status: Observation not settled.

The closure of four accounts have been noted. In case of inflated value of JCB with mutual agreement amongst dealers to obtain higher loan was irregular and warrants appropriate action. Further, the RAA recommended the management to review similar other cases and intimate RAA.

3.6.2. BHUTAN NATIONAL BANK LIMITED

The unsettled irregularities of Nu. 86.044 million reported to the Parliament in March 2023 remained unsettled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5.3	Shortfalls, lapses and deficiencies	86.044	-	86.044	
	Total:	86.044	-	86.044	-

The details of unsettled irregularity as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 86.044 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 86.044 million is as indicated below:

5.3. OUTSTANDING LOANS AND ADVANCES - NU. 86.044 MILLION

The Branch Office, BNBL, Gelephu had outstanding loans and advances amounting to Nu. 111.294 million against 68 clients and defaulted Overdraft loan amounting to Nu. 111.816 million against 28 clients. The loans have been due ranging from 91 days to 628 days. The credit monitoring and supervision unit had failed to rigorously follow-up with clients to expedite recovery and regularize loan accounts and OD accounts. (AIN: 16391; OB No.:1; Accountabilities: Direct: Tshewang Dorji, Recovery Officer, EID No. 1989090101; Supervisory: Pema Jamtsho, Branch Manager, EID No. 2004051723)

Status: Observation not settled.

An outstanding loan amount of Nu. 137,065,646.50 was settled, leaving a balance of Nu. 86,044,353.31. Follow up reports vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0464 dated 11/03/2021 and RAA/OAAG(T)/FUS-02/2022-2023/0351 date 18 May 2023 have been issued.

3.6.3. BANK OF BHUTAN LIMITED

The irregularity of Nu.3.921 million reported to the Parliament in March 2023 remained unresolved as on 29 February 2024 is as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	3.921	-	3.921	
	Total:	3.921	-	3.921	-

The details of unsettled irregularity as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.921 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.921 million is as indicated below:

5.1. OVERDUE LOANS - NU.3.921 MILLION

The Branch Office, BoBL, Gelephu had outstanding loans and advances of Nu. 4.947 million against 17 clients accruing interest of Nu. 0.600 million. The loans were due ranging from 91 days to 1800 days or more. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. (AIN: 16390; OB No.:1; Accountabilities: Direct: Rukmina Chhetri, Desk Officer, EID/CID No. 2427/11201002151; Supervisory: D.B. Chhetri, Manager, EID/CID No.1500/ 11109001635)

Status: Observation not settled.

The outstanding loan amount of Nu.1,025,781.12 was settled based on the supporting documents furnished vide letter No.RAA/48/42 of 23/3/2020 leaving a balance amount of Nu.3,921,636.25. A latest follow up reminder was served vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0351 dated 18 May 2023.

3.6.5. ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

RICBL had two unresolved irregularities reported to the Parliament in March 2023; out of which one has been resolved as of 29 February 2024 as summarized below:

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-	-	100
5	Shortfall, Lapses & Defeciciencies	-	-	-	Unsettled
	Total	-	-	-	

The details of irregularities which got resolved and the balance as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
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		31 March 2023 (Nu. in million)		
4.1	Operation of CRCS beyond the work/supply order period	-		Settled
	Total:	-		

4.1. OPERATION OF CRCS BEYOND WORK/SUPPLY ORDER PERIOD

The RICBL had sanctioned the Contractor's Revolving Credit Scheme (CRCS) loan, an Overdraft credit facility, beyond the maximum period of 12 months or equivalent to the tenure of work/supply order whichever is less. Some of the loan accounts were neither appraised for renewal nor closed after the expiry of their term period. (AIN: 16376; OB No.: 3; Accountabilities: Direct: Namgay Lhendup, CID No: 11704000003; Sonam Dorji, CID No: 10711001789; Kinzang Dorji, CID No: 11805002787; Jambay Wangchuk, CID No: 11605001200; Tandin Wangchuk, CID No: 11803001742; Jigme Namgyel, CID No: 10716002056; Metho Seldon, CID No: 11410001835; Dechen Dema, CID No: 12008002292; Ugyen Lhamo, CID No: 10903001253; Phuntsho Choden, CID No: 10905002570; Pema Tshering, CID No: 11703003506; Jurme Chetsho, CID No: 10603000910; Supervisory: Kinzang Dorji, CID No: 11805002787)

Status: Observation settled.

The RICBL management has completed the legal proceeding and a judgement issued. Based on the enforcement of judgement the observation was settled.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.2	Non-performing loans and Litigation	-		Unsettled
	Total:	-		

5.2. NON-PERFORMING LOANS AND LITIGATION CASES

The RICBL, Wangdue had 26 Non-Performing Loan accounts and four litigation cases. The RICBL, Wangdue in consultation with the Head Office should initiate ways to get the accounts regularized before it becomes bad debt and irrecoverable. (AIN: 16239; OB No.:2.1; Accountabilities: Direct: Chenga Lham, Supervisor, EID No. 114927; Supervisory: Nima Pelden, Manager, EID No. 114820)

Status: Observation not settled.

ATR has not been received as of date, hence the observation remain unresolved.

3.7. NON-GOVERNMENTAL ORGANISATIONS

During the year 2019, three Non-Governmental Organisations had unresolved irregularities amounting to Nu. 30.200 million as follows:

3.7.1. CONSTRUCTION ASSOCIATION OF BHUTAN

The unsettled irregularities of Nu. 16.656 million reported to the Parliament in March 2023 has been settled as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	16.298	16.298	-	100
5	Shortfalls, lapses and deficiencies	0.358	0.358	-	100
	Total:	16.656	16.656	-	100

The details of irregularities which were resolved as on 29 February 2024 are as discussed below:

3. MISMANAGEMENT – NU. 16.298 MILLION

The case of mismanagement involving Nu. 16.298 million is as indicated below:

3.1. OUTSTANDING MEMBERSHIP FEES - NU.16.298 MILLION

The CAB had outstanding membership fees amounting to Nu.16.298 million due from 180 contractors. (AIN: 16033; OB No.: 3; Accountabilities: Direct: Wangdi Gyeltshen, General Secretary, CID No: 11107000715; Supervisory: Wangdi Gyeltshen, General Secretary, CID No. 11107000715)

Status: Observation settled.

The current audit team has reviewed the Board's Resolution and verified the compliance. Hence, the issue was resolved vide Audit Report AIN: COAD-2023-376.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.358 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.358 million is as indicated below:

5.1. OUTSTANDING ADVANCES – NU. 0.358 MILLION

The CAB had not adjusted personal advances of Nu. 0.358 million against eight officials as at 31 May 2019. (AIN: 16033; OB No.:1; Accountabilities: Direct: Namgay Tshering, CID No: 11007000926; Papu Maya Yonjen, CID No: 11805003236; Sonam Rinzin, CID No:

11411002377; Pema Dorji, CID No: 11301001475; Supervisory: Wangdi Gyeltshen, General Secretary, CID No: 11107000715)

Status: Observation settled.

The current audit team has verified the recovery of outstanding advances of Nu.358,203/. Hence, the issue was resolved vide Audit Report AIN: COAD-2023-376.

3.7.3. LODEN FOUNDATION

The unsettled irregularity of Nu. 9.114 million reported to the Parliament in March 2023 was resolved as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	9.114	9.114	-	100
	Total:	9.114	9.114	-	100

The details of irregularity which was resolved as on 29 February 2024 is as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.9.114 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 9.114 million is as indicated below:

5.1. OUTSTANDING LOANS - NU.9.114 MILLION

The Loden Foundation had outstanding loans amounting to Nu. 9.114 million against 38 individuals as of 31 December 2018. (AIN: 16406; OB No: 1.1; Accountabilities: Direct: Namgay Lhendup Wangchuk, Finance Officer, CID No: 10104000420; Supervisory: Phuntsho Namgay, Officiating Executive Director, CID No: 10101004145)

Status: Observation settled.

As intimated vide letter no. LF/Finance/2021/79 dated 17/05/2021, the Loden Foundation has recovered the loan amounting to Nu. 2,115,554.84 against the total loan outstanding amount of Nu. 13,756,422.36, thus leaving the balance loan of Nu. 9,113,674.21 as of date. The balance amount has been carried forward to the subsequent audit report AIN 17136 and the issue settled from this report. Accordingly, a follow-up report has been served vide letter no.RAA/FUCD(F27)LF/2023/217 dated 03/02/2023.

4. JOINT AUDITS OF HYDROPOWER PROJECTS

4.2. PUNATSANGCHHU HYDRO-ELECTRIC PROJECT-I

The unsettled irregularities of Nu.118.940 million reported to the Parliament in March 2023 have been resolved as on 29 February 2024 as shown in the table below.

Sl. No.	Observation in Brief	Irregularities reported to Parliament as on 31 March 2023 (Nu.M)	Amount resolved (Nu.M)	Balance as on 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	16.180	16.180	-	100
5	Shortfalls, lapses and deficiencies	102.760	102.760	-	100
	Total	118.940	118.940	-	100

The details of irregularities which got resolved as on 29 February 2024 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 20.710MILLION

- a) The PHEP-I had incurred a loss amounting to Nu. 16.18 million (Nu. 14.53 million + Nu. 1.65 million) in its attempt to execute the balance work for construction of H-Type Buildings for permanent colony at Bjimthangkha. The Package-II contract for 13 blocks (later reduced to 10 blocks) was initially awarded to M/s Pelden Construction in October 2010 for Nu. 127.17 million of which only 2 blocks were completed in December 2016. The PHEP-I had paid Nu. 53.82 million up to the 10th RA Bill, when the contract was terminated due to the inability the contractor to complete works due to financial liabilities. In addition, the contractor was also granted additional time up to six years as of December 2016.

Subsequently, the balance works of eight Blocks were re-awarded to M/s T-Kunzom Pvt. Ltd. at a cost of Nu. 69.53 million in September 2017 at the risk and cost of M/s Pelden Construction as per the Clause 63 of the Contract. However, the value of works estimated by the consultant, M/s Water and Power Consultancy Company Limited (WAPCOS), New Delhi was Nu. 55.000 million, thereby resulting in an excess amount against the estimated value by Nu. 14.53 million. The risk and cost analysis of M/s Pelden Construction was estimated at Nu. 15.730 million. Against which the PHEP-I realized various assets amounting to Nu. 14.080 million leaving a balance liability of Nu. 1.65 million. *(AIN: 16397; OB No.: 2; Accountabilities: Direct: Langa Norbu, EE (Infra.) CID No: 10902000597; Pemba Dukpa, SE (Infra.) CID No: 10505000387; Supervisory: N.C Bansal, MD WPN: 919060021312105; Karma Tshewang, JMD CID No: 10601002108; R.P Sharma, DT WPN: 191906277588184; Pranav Kumar Mallick, DF WPN: 1919072771100457)*

Status: *Observation settled.*

The observation has been settled vide follow up report No.RAA/FLSD(22-HPP)/PHPA-I/2023/860 dated 09.11.2023 based on the Arbitral Award submitted and settlement of claims based on the award,

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 102.760 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 102.760 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported as on 31 March 2023 (Nu. in million)	Settled/Resolved (Nu. in million)	Unsettled as on 29 Feb. 2024 (Nu. in million)
5.3	Overpayment due to incorrect computation of ownership cost in respect of Machine Hour Rate	102.760	102.760	-
Total:		115.910	102.760	-

5.3. OVERPAYMENT DUE TO INCORRECT COMPUTATION OF OWNERSHIP COST IN RESPECT OF MACHINE HOUR RATE NU. 102.760 MILLION

The PHEP-I had made overpayment of Nu. 102.760 million due to incorrect computation of ownership cost in respect of machine hour rate for two deviated items up to 110th Running Account Bills. As per the Central Water Commission (CWC) Guidelines, Chapter 2 provides the methodology to derive the hourly use rate of tools and plants and stipulates that ownership cost is to be computed by considering depreciation only.

Chapter 3 of the CWC Guidelines deals with the calculation of machine hour rate in cases where tools and plants have been supplied by the department to the contractor and stipulates that ownership cost is to be computed by considering depreciation as well as interest on capital investment made by the department.

Since no machineries were lent by PHEP-I to the contractor, the provisions of Chapter 3 were found irrelevant for the calculation of machine hour rate. However, the analysis of hourly rate of equipment computed by the PHEP-I revealed that rates were applied as per Chapter 3 (by considering interest on capital investment and depreciation) instead of Chapter-2 (only depreciation) with resultant excess payment of Nu.102.760 million. (AIN: 16397; OB No.: 7; Accountabilities: Direct: Kado, EE (Dam), CID No: 10807000856; Karma, EE (Dam), CID No: 11107004217; J.S. Bajwa, EIC (Dam), WPN: 191907011552844; Sonam Chofel, SE (Con), CID No: 10711001402; Dechen Lhendup, CFO, CID No: 10905001120; Supervisory: N.C Bansal, MD WPN: 919060021312105; Karma Tshewang, JMD CID No: 10601002108; R.P Sharma, DT WPN: 191906277588184; Pranav Kumar Mallick, DF WPN: 1919072771100457)

Status: *Observation settled.*

The observation has been incorporated in the current Audit Report and settled from this report as per the follow up report No. RAA/FUCD(I-1)PHPA-I/2023/1173 dated 22.06.2023,

5. COMPLIANCE AUDIT REPORTS

During the year 2019 the RAA issued three theme-based compliance audits on Northern East-West Highway Construction, Surface Collection and Dredging of Riverbed Materials and Government Property Management.

5.1. NORTHERN EAST-WEST HIGHWAY CONSTRUCTION

The Compliance Audit on the GoI funded “Northern East-west Highway Project” (NEHC) was carried out to review the operations, accounting records, internal controls and contract management. Compliance audit on the NEHC reviewed the compliance to the contract agreements; design and drawings, technical specifications, FRR and Procurement Manual. The RAA had issued four compliance audit reports on the NEHC considering the project was handled by four Regional Offices (RO) of the Department of Roads (DoR) in Thimphu, Lobeysa, Trongsa and Lingmethang. The scope of work and total estimates for each RO is provided in **Table 1**:

Table 1: Project implementing Agency			
Regional Office	Scope of work (distance in Km)	Locations	Total Estimates (Nu. in million)
Thimphu and Lobeysa	65	Semtokha-Wangdue	764.217
Lobeysa	82	Wangdue-Chuserbu	1,156.061
Trongsa	100	Chuserbu-Trongsa- Nangar	2,454.575
Lingmethang	39	Yadi-Lingmithang	1,763.745
Project DANTAK	52	Trashigang –Yadi	1,145.613
Total			7,284.211

The RO of Trongsa was provided with the maximum scope of the work followed by Lobeysa, Thimphu and Lingmethang. The scope of work handled by Project DANTAK was not considered for the audit. The unresolved non-compliances to existing rules and regulations for the GoI funded construction of the Northern East-West Highway were as follows:

5.1.2. REGIONAL OFFICE, DEPARTMENT OF ROADS, THIMPHU

1. NON-REALIZATION OF COST DIFFERENCE

The RO, DoR, Thimphu had not complied to the decision of the meeting held on 10 May 2017 and failed to realize the cost difference of Nu. 9.553 million from M/s Raven Builders and Company (P) Ltd. The meeting decision stated *‘In the event, the progress is seen not done as per revised work plan then additional resources like allotting a part of*

works to other reliable firm will be initiated and the extra cost will have to be borne by M/s Raven Builders and Company (P) Ltd.'. Both the parties in the interest of work and for the benefit of public had accepted this arrangement.

Although a part of the work was allocated to the next higher bidder with the additional cost to be borne by M/s Raven Builders and Company (P) Ltd., the amount was paid by the Regional Office from the Government Budget indicating non-compliance to the meeting decisions.

Status: *Observation settled.*

The observation has been settled based on the additional justification/explanation submitted vide letter no. RO-T/DoR/Acc-07/2021-2022/647 dated 29/10/2021. Accordingly, a follow-up report was sent vide letter no.RAA/FUCD(E4-6)NEWH/RO-T/phu/2021/2118 dated 19/11/2021.

2. NON-RETURN OF EXCESSIVE ISSUE OF BITUMEN VG-10 ON COMPLETION OF BITUMINOUS WORKS WITH RESULTANT MISUSE

The RO, DoR, Thimphu had not complied to the BoQ and had made excessive issued of bitumen to M/S Raven Builders and Company (P) Ltd besides failing to ensure return of excessive issue of Bitumen VG-10 amounting to Nu. 10.012 million. This had resulted in misuse of Bitumen by M/S Raven Builders and Company (P) Ltd on completion of Bituminous works. The non-return of Bitumen had occurred when part of the work of was awarded to another contractor for which separate quantity of bitumen was issued. The actual quantity of work executed by M/S Raven Builders and Company (P) Ltd also showed that the quantity of Bitumen issued to the contractor far exceeded the quantity executed at site indicating non-compliance and adherence to the specification provided in the BoQ.

Status: *Observation not settled.*

An amount of Nu. 14,965,719.78 was revised to Nu.10,012,277.04 upon review of the documents by the audit team. However, as the case was forwarded to Dzongkhag Court, Sarpang, the outcome of the case is awaited. Accordingly, the 4th Follow-up remainder was served vide letter no. RAA/FUCD/(7-MoIT)/Sect/2023/274, dated: 15/08/2023

5.1.3. REGIONAL OFFICE, DEPARTMENT OF ROADS, LOBEYSA

1. NON-COMPLIANCE TO TECHNICAL SPECIFICATIONS

- b) The RO, DoR, Lobeysa had not adhered to the requirements in the special conditions of contract and made inadmissible payment amounting to Nu. 4.998 million due to acceptance of inflated rates of Dense Bituminous Mix (DBM) and Asphalt Concrete (AC). The Special Conditions of Contract (SCC) states '*The rates for Bitumen (VG-10) must be '0' (zero) during the analysis of rate for DBM and AC by the bidders i.e. the cost of bitumen shall not be included in analysis*'. However, Review of rate analysis submitted by the contractor for DBM and Asphalt concrete works, it was

noted that the rate analysis included cost of Bitumen contrary to the aforementioned additional provision of the SCC.

Status: *Observation settled.*

Various French drains of different sizes were provided along the damaged road area and the road condition was found improved. The road map where French drains provided is attached. Follow-up report was issued vide letter no.RAA/FUCD(E4-4)NEWH/RO-Lobeysa/2020/1490 date 29/07/2020

- d) The RO, DoR, Lobeysa had failed to ensure construction of abutment walls for RCC slabs as per specifications resulting in inadmissible payment of Nu. 0.113 million. The abutment walls for the Reinforced Concrete Cement (RCC) slab were to be constructed with Coursed Rubble Masonry (CRM) with hard stone hammer dressed but Random Rubble Masonry were used and hammer dressing were not provided on the face stones. Further, the abutment walls were constructed without adhering to the drawings and specifications of constructions for abutment wall for the RCC slab as the works executed at site were neither CRM nor RRM item of work. The execution of abutment walls with huge boulders and weak cement mortar was not actually a load-bearing wall indicating poor workmanship and lack of supervision, monitoring and non-compliance to requirements.

Status: *Observation not settled.*

The inadmissible payment of Nu.0.113 million was deposited into ARA vide receipt No. 03140 dated 07/07/2020. However, the penalty amount of Nu. 23,229.40 has not been deposit. Therefore, the 24% penalty amount Nu. 23,299.40 stands recoverable. Further, the case is pending with ACC and the observation remain unresolved. The 5th Follow-up reminder letter was issued vide RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

- g) The RO, DoR, Lobeysa had not ensured compliance to technical specifications thereby making inadmissible payments of Nu. 1.411 million. due to payment for pavement works beyond the approved carriageway width. It was noted that the average width of WMM works executed worked out to 8.39m as per the contractor's bill which exceeded by 0.89m from the approved carriage width of 7.50m. In addition, it was noted that the site and supervising engineer had recorded instruction not to execute beyond the approved pavement width and no approvals were given for execution of pavements work exceeding the carriageway width. Therefore, the unauthorized execution of works was not in compliance to the technical specification and not eligible for payment.

Status: *Observation not settled.*

The case is under investigation by the ACC. The 5th follow up reminder letter No.RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was served.

- i) The RO, DoR, Lobeysa had not ensured compliance to the requirements of GSB works in the technical specifications resulting in inadmissible payments of Nu.

1.311 million. due to payment for works beyond approved width. The providing and laying of GSB on widened road was only admissible to the extent of 3.27m (i.e. Carriageway of 7.50m less existing road width of 4.23m). However, the Regional Office had accepted and paid for width beyond 4.23m resulting in the inadmissible payment. Such lapses had occurred due to lack of proper monitoring and supervision by concerned officials and non-verification of bills with actual work done at site.

Status: *Observation not settled.*

The case is under investigation by the ACC. The 5th follow up reminder letter No.RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was served.

- j) The RO, DoR, Lobeyasa had not complied with the technical specifications resulting in inadmissible payments of Nu. 2.127 million as the payments for pavement works were made beyond the carriageway width approved in the revised drawing. It was noted that the average width of WMM works executed worked out to 8.63m as per the contractor's bill which exceeded by 1.13m from the approved carriage width of 7.50m. In addition, it was noted that the site and supervising engineer had recorded instruction not to execute beyond the approved pavement width and no approvals were given for execution of pavements works exceeding the carriageway width. Therefore, the unauthorized execution of works was not eligible for payment for which the Regional Office had incurred expenses amounting to Nu. 2.127 million.

Status: *Observation not settled.*

The observations with possible existence of corrupt practices and the case has been forwarded to ACC for further investigation, which pertains to M/S Empire Construction Pvt. Ltd. The observation shall remain unsettled until investigation is completed. Accordingly, the 5th Follow-up reminder letter was served vide RAA/FUCD/(7-MoIT)/Sect/2023/274, dated: 15/08/2023.

- k) The RO, DoR, Lobeyasa had not complied with the technical specifications for GSB works and made inadmissible payments of Nu. 3.914 million as the payments were made beyond the carriageway width approved in the revised drawing. The providing and laying of GSB on widened road was only admissible to the extent of 3.27m (i.e. Carriageway of 7.50m less existing road width of 4.23m). However, the Regional Office had accepted and paid for width beyond 4.23m resulting in the inadmissible payment. Such lapses had occurred due to lack of proper monitoring and supervision by concerned officials and non-verification of bills with actual work done at site.

Status: *Observation not settled.*

The observations with possible existence of corrupt practices and the case forwarded to ACC for further investigation, which pertains to M/S Empire Construction Pvt. Ltd. The observation shall remain unsettled until investigation is completed. Accordingly, the 5th

2. NON-COMPLIANCES RELATED DIRECT AWARD OF CONTRACT

- a) The DoR had directly awarded Package XV of the NEHP to M/s Empire Construction with resultant financial implications to the government amounting to Nu. 15.861 million in contravention to the Procurement Rules. The Ministry of Finance had approved the direct award of work for the pavement construction from Nobding-Dungdungnyelsa covering Chainages from 395Km to 392.25Km with a total road stretch of 2.75Km to M/s Empire Construction based on the proposal submitted by Minister, MoWHS for the direct award of work in lieu of the work made to surrender under the RO, Trongsa. The direct award had led to exorbitantly high analyzed rates for sand and aggregates in comparison to the Bhutan Schedule of Rates leading to huge cost difference. The circumstances leading to preparation of estimates by analyzing rates despite existence of BSR 2015 was not on record.

Status: *Observation not settled.*

The case is under investigation by ACC. The observation shall remain unsettled until investigation is complete. 5th follow-up reminder letter no. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was issued.

- b) The DoR had directly awarded package XV of the NEHP with resultant financial implications to the government amounting to Nu. 39.40 million. The work was directly awarded in lieu of the work made to surrender under the RO, Trongsa. The surrender of ongoing work and direct award of additional work was not justified besides violation of the procurement norms. The contractor was paid for the whole contract amount despite only completing 30% of the work leading to the financial implication besides total disregard to the procurement rules.

Status: *Observation not settled.*

The case is under investigation by ACC. The observation shall remain unsettled until investigation is complete. 5th follow-up report was issued vide letter no. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

- c) The RO, DoR, Lobeyisa had given direct award of work in violation to the Exclusion Criteria in the terms of Public Announcement issued on 2nd July 2016 by awarding it to the contractor who had not completed prior works of the DoR. It was apparent from the related records that M/s Empire Construction was awarded contract for carrying out the critical widening works especially the 2.5 km cliff of Dzongkhalum by the RO Trongsa based on MoU signed by the Ministry with MHPA on 16 September 2014. Although the progress of the work was very slow and the Contractor faced penalty, the DoR had asked the contractor to surrender the work after paying the full amount and also given another work without following

procurement norms. It was evident that the Ministry had favored the contractor and failed to enforce the approved Exclusion Criteria while granting direct award of work.

Statu: Observation not settled.

The observations with possible existence of corrupt practices and the case forwarded to ACC for further investigation pertaining to M/S Empire Construction Pvt. Ltd. The observation shall remain unsettled until investigation is completed. 5th follow-up report was issued vide letter no. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

5.1.4. REGIONAL OFFICE, DEPARTMENT OF ROADS, LINGMETHANG

1. NON-COMPLIANCE TO TECHNICAL SPECIFICATIONS

The RO, DoR, Lingmethang not complied with required technical specification and had accepted road constructions where the formation width was not maintained at the required 10.5 meters in few chainages/stretches of the road. This indicated existence of inadequate monitoring and supervision by the site engineer over the execution works as well as breach of contract obligation by the contractor with resultant execution of works in deviation to the technical design and specification. Further, the non-achievement of the required widening width entailed payments for unexecuted works as the quotes for FC works were on lump sum basis. Thus the payments on the basis of lump sum contract had resulted in payments for unexecuted works. The Regional office had not assessed the cost difference for the width not achieved and recovered from the contractor.

The RO, DoR, Lingmethang had not enforced compliance to design and drawings and accepted road constructions where the standard designs and drawings were not adhered to. The formation width was not maintained at the required 10.5 meters, the one-meter gap between L-Drain and hillside and one-meter hard shoulder at valley side were also not maintained in few chainages/stretches of the road. This indicated existence of inadequate monitoring and supervision by the site engineer over the execution works as well as breach of contract obligation by the contractor with resultant execution of works in deviation to the technical design and specification. Further, the non-achievement of the required widening width entailed payments for unexecuted works as the quotes for FC works were on lump sum basis. Thus the payments on the basis of lump sum contract had resulted in payments for unexecuted works. The Regional office had not assessed the cost difference for the width not achieved and recovered from the contractor.

Status: Observation not settled.

The case is under review by the Anti Corruption Commission. 5th follow-up reminder letter was issued vide RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

2. NON-COMPLIANCES RELATED TO DIRECT AWARD OF WORK

- a) The RO, DoR, Lingmethang under the directives of the Ministry of Works and Human Settlement had directly awarded the contract to M/s Bhutan ZeoCrete Pavement Technologies (JV), a Joint Venture Company on the use of ZeoCrete Pavement Technology. The direct award was done without assessment to ascertain the availability of other contractors in the market with the required technical capability. The direct award of contract without assessments and comparisons of cost prior to award of the contract indicated flaws not only in the award for implementing such new technology for a stretch of 10km as a demonstration but also awarding at the estimated cost submitted by the JV firm of Nu. 159.921 million without ascertaining the reasonableness of the cost offered by the JV firm. The direct award also violated the procurement norms and instruction by the Ministry of Finance to assess the availability of competitors in the market.

Status: *Observation not settled.*

The case is under review by the Anti Corruption Commission. 5th follow-up reminder letter was issued vide RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

- b) The RO, DoR, Lingmethang had failed to incorporate the cost and risk factor for the demonstration of technology in the contract agreement as required in the letter by the Secretary of MoWHS to the Minister. The letter categorically stated that 'If approved, the JV Company will be given the opportunity to carry out the demonstration of the technology at their costs and risks under strict supervision of DoR engineers. In the event the technology fails they will be required to redo the pavement works by conventional system'. This non-compliance could have huge financial implications to the government if the technology fails and work is not up to the standard.

Status: *Observation not settled.*

The case is under review by the Anti Corruption Commission. 5th follow-up reminder letter was issued vide RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

- c) The RO, DoR, Lingmethang under instructions from the ministry had revised the contract amount with undue benefit to the contractor amounting to Nu. 6.684 million. The initial contract price was Nu. 159.921 million but was increased to Nu. 166.705 million without revising the whole contract document after incorporating all applicable taxes in the Kingdom of Bhutan. The approval of additional contract price of on account of taxes/duties after signing the contract was not justified as the contract agreement was not revised and details of the increase in the amount not incorporated.

Status: *Observation not settled.*

The case is under review by the Anti Corruption Commission. 5th follow-up reminder letter was issued vide RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023.

- f) The RO, DoR, Lingmethang had failed to incorporate the increase in Defect Liability Period in the contract agreement in the use of ZeoCrete Technology which is a proven system of providing simpler, faster, durable and the most vital parameter the 'impervious layer' for better performance resulting in savings in millions of scarce resources over the life of the pavement which is expected to be well over 10 years. As for the cost, the estimated expenditure is comparable to the convention one and estimated about 3.7% higher, which will be compensated by reduced maintenance requirement, the benefit the government will accrue is immense. However, the contract agreement under SCC (GCC 35.1) stipulated the defect liability period of just 36 months same as the revised defect liability period fixed for contractors executing the pavement works under the conventional construction method and that too at lower contract cost.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, the Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was served.

- g) The RO, DoR, Lingmethang failed to produce the technical specification and Performance Requirements and Drawings in the Contract of ZeoCrete Technology. Thus, in the absence of the technical specification and drawings, the executions of works at site could not be cross checked with the technical specification and drawings. The conduct of monitoring and supervision and work at site is also questionable as the Regional Office did not seem in custody of the required documents.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was served.

- h) The RO, DoR, Lingmethang had not ensured consistency in the technical specification of the Cementitious Base Layer in the contract of ZeoCrete Technology. As per the proposal submitted, the thickness of Cementitious base layer (CBTLy) was provided as 210-250 mm and under Comparative Pavement Behavior as 210mm thick.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. The status from ACC is awaited.

- i) There was ambiguity in the technical specification of thickness of Cementitious base layer (CBTLy) of 210-250 mm as the test conducted was for 225-250mm thick CTB Layer per m² soil of mass. Such non-compliance to the requirements could impact the strength and durability of the concrete pavement.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was served.

- j) The RO, DoR, Lingmethang had failed to ensure that the applicability and accuracy of the design mix in the contract for ZeoCrete technology which states “Each soil is different and shall have different composition of Admixture mix and dosage. The dosage is set from the Lab tests for 7d, 28d, curing for the E-Values achieved and confirmation to designed values”. However, the test for the elements if carried out was not available and the unconfirmed Compressive Strength and corresponding E-values were not carried out. Thus absence of the basis considered for the CTB layer indicated flaws in the design mix. Without proper records on the tests of the elements, the strength and durability of the pavement might be compromised while application at site.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 dated 15/08/2023 was served.

- j) The RO, DoR, Lingmethang had not ensured that the application of factors was in line with the requirements. Although the proposal indicated use of applied factor of 1000 for deriving the E-Values, the tests were done using an applied factor of 1125 thereby achieving positive result for CTB layer. The use of higher applied factor is indicative of inappropriate mix design with resultant overdose of soil treatment with OPC and ZeoCrete materials and extra cost to the Government.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 date 15/08/2023 was served.

- k) The RO, DoR, Lingmethang had failed to enforce the terms of contract for the on Zeocrete Technology and provided irregular time extension with intent to prevent

imposition of liquidated damages through provision of drainage work of Nu. 13.656 million. Although the progress of the work was very slow with only about 30% of the work completed by the end of the contract duration, the Regional Office had not levied Liquidated Damages or terminated the contract as required in the contract agreement. However, the contract duration was found revised up to March 2018 based on the proposal to directly award the Drainage works although the work was not awarded till date of audit (02 December 2017). The time extension granted on the basis of proposal to award additional works at the verge of expiry of contract period was not appropriate and was an extension of undue favour as it had resulted in waiver of the applicable liquidated damages.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 date 15/08/2023 was served.

- l) The RO, DoR, Lingmethang had not assessed the actual cost saving from use of Zeocrete Technology for pavement works over the conventional system. The cost of implementing the Zeocrete Technology was higher than conventional system by 3.7 times and the intended benefits were to have reduced cost of maintenance over the years, long durability and less construction duration. However, the Regional Office had not assessed the actual savings that could be accrued from the use of the new technology. While the technology may revolutionize the system of doing highway pavements works, it is imperative to ensure its cost effectiveness in terms of use of scarce government resources. The works at site also revealed that there were damages to the pavement immediately after execution indicating inferior quality works, inadequate supervision and monitoring or the non-durability of the pavement as proposed.

Status: *Observation not settled.*

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 date 15/08/2023 was served.

- m) The RO, DoR, Lingmethang had failed to properly compare the cost between the Zeocrete Pavement Technology and conventional Pavement construction resulting in additional cost of Nu. 9.974 million. The adoption of Zeocrete pavement technology was found discussed in the MLTC where Secretary, MoWHS highlighted the advantages of Zeocrete Pavement Technology as here under:
- Minimize the Bitumen import quantity;
 - Minimize the Bitumen burning thereby causing no damage to the environment;

- Reduction in query production of aggregates;
- Reduction in construction time;
- Cementitious base (CTB) is very effective in cold and marshy areas; and
- Lower cost compared to the conventional construction.

In addition, the MOWHS showed cost saving of Nu. 0.696 million per kilometer by using the Zeocrete pavement technology but the cost comparisons were made by applying BSR 2017 base rates despite the fact that the works were being awarded and executed from June 2016 and up to December 2017. However, cost comparison in consideration to the BSR 2015 base rates alone revealed that the cost of construction of pavement works under the conventional construction system was lower by Nu. 9.974 million (5.98%) as compared to Zeocrete pavement technology indicating inaccuracies in assessment and resultant higher cost.

Status: Observation not settled.

The observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. 5th follow-up reminder letter No. RAA/FUCD/(7-MoIT)/Sect/2023/274 date 15/08/2023 was served.



**REVIEW STATUS REPORT OF
ANNUAL AUDIT REPORT 2020**

(As of 29 February 2024)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2020

The Royal Audit Authority tabled the Annual Audit Report 2020 to the 5th Session of the Third Parliament in June 2021. The report had total significant unsettled irregularities of Nu.2,057.438 million consisting of Nu.1,097.997 million against Budgetary Agencies; Nu.953.062 million against Non-Budgetary Agencies and Nu.6.379 million against Hydro Power Projects.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups at various levels and out of the total unsettled irregularities of Nu. 1,212.400 million (status as of 31 March 2023) reported to the 7th Session of the third Parliament in April 2023, subsequently irregularities amounting to Nu.190.068 million against Budgetary Agencies and Nu.16.202 million against Non-budgetary Agencies were settled as of 29 February 2024 as shown in the table below.

Table: Showing agency-wise irregularities settled and balances as of 29 February 2024.

Sl. No.	Agencies	Reported as of 31 March 2023 (Nu.in Million)	Resolved as of 29 Feb.2024 (Nu.in Million)	Balance as of 29 Feb.2024 (Nu.in Million)	Percentage resolved as of 29 Feb.2024
1	Ministries	269.859	23.871	245.988	8.85
2	Dzongkhags	37.288	17.491	19.797	46.91
3	Dungkhags	19.313	7.001	12.312	36.25
4	Gewogs	47.965	8.391	39.574	17.49
5	Autonomous Agencies	155.494	133.358	22.136	85.76
Total Budgetary Agencies-A (1to 5)		529.919	190.112	339.807	35.88
6	Corporations	6.379	0.895	5.484	14.03
7	Financial Institutions	644.269	13.017	631.252	2.02
8	Non Governmental Organizations	31.833	2.290	29.543	7.19
Total Non-Budgetary Agencies - B (6 to 8)		682.481	16.202	666.279	2.37
Grand Total (A+B)		1,212.400	206.314	1,006.086	17.02

As transpired from the table above, out of the total unsettled irregularities of Nu.1,212.400 million reported as of 31 March 2023, irregularities amounting to Nu.206.270 million were settled leaving a balance of Nu.1,006.130 million as of 29 February 2024. The detailed review reports of the agencies are highlighted hereunder.

3. DETAILED AUDIT FINDINGS

This chapter contains summaries of unresolved significant audit observations from audit reports issued in the year 2020 for different agencies.

3.1. MINISTRIES

During the year, 10 Ministries had unresolved irregularities amounting to Nu. 246.591 million. After several follow-ups with the audited entities certain irregularities were settled and others remained unsettled as of 29 February 2024 as reported below:

3.1.1. MINISTRY OF AGRICULTURE AND FORESTS

During the year, the RAA issued 18 audit reports of the Ministry of Agriculture and Forests (MoAF), its departments, and projects. There were 57 observations amounting to Nu. 56.921 million of which observations amounting to Nu. 50.374 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu. 6.547 million were reported in the 5th Session of the third Parliament as in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled irregularities of Nu.5.035 million reported to the Parliament in April 2023, Nu.4.341 million was settled, leaving a balance of Nu. 0.694 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.716	0.094	0.622	13.13
5	Shortfalls, lapses and deficiencies	4.319	4.247	0.072	98.33
	Total	5.035	4.341	0.694	86.22

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved balances as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.622 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.622million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023	Settled/Resolved	Balance as of 29 Feb. 2024
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		(Nu. M)	(Nu. M)	(Nu. M)
4.1	Procurement of HDPE Pipes from other vendor	0.094	0.094	-
4.2	Non-adjustment of Advances	0.622	-	0.622
	Total	0.716	0.094	0.622

4.1. PROCUREMENT OF HDPE PIPES FROM OTHER VENDOR – NU. 0.094 MILLION

The Agriculture Research and Development Centre (ARDC), Yusipang had awarded the contract for the maintenance of water supply scheme at Yusipang to M/s KST Construction. The contractor had procured High-Density Polyethylene (HDPE) pipes amounting to Nu. 1.170 million from M/s Sonam Tenzin Traders instead of government identified Bhutanese Manufacturers (M/s Druk Pipes and M/s Rabten Pipes) thereby forgoing the rebate amount of Nu. 0.094 million. (AIN: 16586; OB No.: 1; Accountabilities: Direct: Dorji Tshering, Engineer, EID No. 200608004 & M/s KST Construction, CDB Registration No.: 5148; Supervisory: Kesang Tshomo, Program Director, EID No.: 9604100)

Status: Observation Settled.

Based on the justification submitted by the Contractor vide letter No. Nil dated: 10/01/2023, Nu.93,600.00 was considered settled as approved by AAG, FLSD and DAG, DFR on 17.03.2023.

4.2. NON-ADJUSTMENT OF ADVANCES – NU. 0.622 MILLION

The erstwhile Council for RNR Research of Bhutan (CoRRB), MoAF had released a sum of Nu. 0.622 million to Zhemgang Dzongkhag as deposit work under the School Agriculture Program on 10/12/2015. However, the advance was lying unsettled/unadjusted as of 3/4/2020 even after the lapse of 4 financial years. (AIN: 16737; OB No.: 2; Accountabilities: Direct: Pema Lhamo, Finance Officer, EID No. 200901070 & CID No.: 10710000602; Supervisory: Pema Lhamo, Finance Officer, EID No. 200901070 & CID No.: 10710000602)

Status: Observation Not Settled.

A Follow-up report was issued vide reference No.RAA/FUCD(B1) MoAF/2021/539 dated 12 April 2021. However, no updates received as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 4.319 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 4.319 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess payment to contractor	0.072	-	0.072
5.2	Unclaimed refundable deposit	2.741	2.741	-
5.3	Unclaimed Non-revenue deposit	1.506	1.506	-
	Total	4.319	4.247	0.072

5.1. EXCESS PAYMENT TO THE CONTRACTOR - NU. 1.385 MILLION

- a) The Wangchuck Centennial National Park (WCNP), Bumthang had made excess payment of Nu. 0.114 million to M/s Pemai Ningpo Construction, Bumthang. The excess payment pertains to providing and laying 2nd class bricks work in the foundation and plinth, providing and fixing white colored glazed tiles of 150*150mm in skirting and step riser, applying wood preservatives on unexposed surface, providing and laying ceiling joist, and providing and laying of 50mm thick plinth protection. The excess payment had occurred due to differences in the quantities executed and the amount paid for. (AIN: 16574; OB No.: 1.1; Accountabilities: Direct: M/s Pemai Ningpo Construction, CDB No.: 5987; Supervisory: Tshering Tashi, Site Engineer, EID No.: 200707077)

Status: Observation Partially Settled.

A sum of Nu.0.100 million was deposited vide R/No.02178 dated 01/09/2022 leaving a balance of Nu.0.014 million that is yet to be recovered, The para stands unresolved as of date.

- b) The WCNP, MoAF had made excess payment of Nu. 0.058 million to M/s Pemai Ningpo Construction, Bumthang. The excess payment had occurred due to untimely measurement and claims made for sub-structure and foundation works. (AIN: 16574; OB No.: 1.2; Accountabilities: Direct: M/s Pemai Ningpo Construction, CDB No.: 5987; Supervisory: Tshering Tashi, Site Engineer, EID No.: 200707077)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024 as no ATR response was received.

5.2. UNCLAIMED REFUNDABLE DEPOSIT - NU. 2.741 MILLION

The Brown Swiss Cattle Breeding Farm (BSCBF), Department of Livestock (DoL) had unclaimed refundable deposit aggregating to Nu. 2.741 million lying unadjusted with DPA. The refundable deposits were lying unadjusted since FY 2010-11. The lapses had occurred due to wrong booking made by the accountant of the refunds. (AIN: 16496; OB

No.: 4; Accountabilities: Direct: Yeshi Nidup, Accountant, EID No.: 200907016; Supervisory: Chhimi Dorji, Accountant, EID No.: 200607060)

Status: Observation Settled.

The BSCBF vide letter No.4 (11)BSF/accts/2020/ dated 29/07/2020, provided the Reconciliation Statement for review. Mr. Dukpo Wangdi, Team Leader, reviewed the statement on 29/07/2020, and it was subsequently verified by Mr. Chhime Dorji, Offtg. AAG, OAAG-Bumthang, on the same date. Following this review and verification process, the observation was considered resolved.

5.3. UNCLAIMED NON-REVENUE DEPOSIT - NU. 1.506 MILLION

The BSCBF, DoL had unclaimed non-revenue deposit aggregating to Nu. 1.506 million lying unadjusted with DPA. The non-revenue deposits were lying unadjusted since FY 2014-15 for the works, which were already completed. The lapses had occurred due to either wrong accounting treatments or cases of non-processing of non-revenue releases as required from DPA and meeting the expenses from the normal budgetary releases. (AIN: 16496; OB No.: 2; Accountabilities: Direct: Yeshi Nidup, Accountant, EID No.: 200907016; Supervisory: Chhimi Dorji, Accountant, EID No.: 200607060)

Status: Observation Settled.

The BSCBF vide letter No.4 (11)BSF/accts/2020/ dated 29/07/2020, provided the Reconciliation Statement for review. Mr. Dukpo Wangdi, Team Leader, reviewed the statement on 29/07/2020, and it was subsequently verified by Mr. Chhime Dorji, Offtg. AAG, OAAG-Bumthang, on the same date. Following this review and verification process, the observation was considered resolved.

3.1.2. MINISTRY OF EDUCATION

During the year, the RAA issued 12 audit reports of the Ministry of Education (MoE), its departments and projects. There were 48 observations amounting to Nu. 5.013 million of which observations amounting to Nu. 1.544 million were either resolved by 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 3.496 million were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu.0.548 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.408	-	0.408	-
5	Shortfalls, lapses and deficiencies	0.140		0.140	-
	Total	0.548	-	0.548	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.408 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.408 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.3	Non-Levy of Liquidated damages	0.004	-	0.004
4.4	Non-cancellation of cheques after cash payment	0.337	-	0.337
4.5	Non-maintenance of supporting documents	0.067	-	0.067
	Total	0.408	-	0.408

4.3. NON-LEVY OF LIQUIDATED DAMAGES - NU. 0.004 MILLION

The Norbuling Central School, MoE had not levied liquidated damages of Nu. 0.107 million against various suppliers. The liquidated damages pertains to delayed supply of School Uniforms, Furnitures, Shoes, bed sheets and pillows. (AIN: 16510; OB No.: 2; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

Status: Observation Not Settled.

The latest follow up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0349 dated 17/05/2023 was served. However, the balance of Nu.0.004 million stands recoverable as of date, upon deposit of Nu.0.103 million vide receipt No A00944 dated 13/5/2020.

4.4. NON-CANCELLATION OF CHEQUES AFTER CASH PAYMENT - NU. 0.337 MILLION

The Norbuling Central School, MoE had issued cheques aggregating to Nu. 0.337 million against various suppliers. The payments were made in cash as the cheques issued were not presented to the bank. However, the accountant had neither cancelled the cheques issued nor revised the vouchers. (AIN: 16510; OB No.: 5; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

Status: Observation Not Settled.

The latest follow-up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0349 dated 17/05/2023 was issued. However, the amount of Nu.0.337 million stands recoverable as of date.

4.5. NON-MAINTENANCE OF SUPPORTING DOCUMENTS - NU. 0.067 MILLION

The Norbuling Central School, MoE had issued cheques aggregating to Nu. 0.067 million and debited from the Current Deposit (CD) account of the school. However, no supporting documents were maintained indicating the payee and the purpose of payment. (AIN: 16510; OB No.: 6; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

Status: Observation Not Settled.

The latest follow-up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0349 dated 17/05/2023 was issued. However, the amount of Nu.0.337 million stands recoverable as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.140 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.140 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Outstanding Advance	0.140	-	0.140
	Total	0.140	-	0.140

5.1. OUTSTANDING ADVANCES - NU. 0.140 MILLION

The Tshangkha Central School, MoE had outstanding advances of Nu. 0.190 million against various officials which were not settled as of 15 November 2019. The lapses had occurred due to inadequacy in timely follow-up of advances. (AIN: 16895; OB No.:1; Accountabilities: Direct: Rabilal Sharma, Principal, EID No. 8504023; Karma Yangzom,

Status: Observation Not Settled.

The balance of Nu.0.140 million remained unresolved as of date, upon adjusting Nu.0.050 vide letter No.DAT/ACC-06/2020/983 dated 13/04/2020.

3.1.3. MINISTRY OF ECONOMIC AFFAIRS

During the year, the RAA had issued five audit reports of the Ministry of Economic Affairs (MoEA), its departments and projects. There were 33 observations amounting to Nu. 280.930 million of which observations amounting to Nu. 19.299 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu. 261.631 were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu.4.309 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024(Nu.M)	% Resolved
4	Non-Compliance to laws and rules	4.309	-	4.309	-
	Total	4.309	-	4.309	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved balances as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 4.309 MILLION

The case of non-compliance to laws and rules involving Nu. 4.309 million was as indicated below:

4.2. NON-COMPLETION OF WORKS & OUTSTANDING LIABILITIES – NU. 4.309 MILLION

The contract for construction of water supply from source to Reservoirs at Jigmeling Industrial Estate, Sarpang (Package E) was awarded to M/s Soenam Mebar Construction Pvt. Ltd. with the project duration of 15 months which was to be completed on 18 March 2018. The contractor despite providing time extension could not complete the work on

time due to its failure to deploy required materials and workers on site. The contract was terminated on 5 July 2019 with imposition of applicable liquidity damages and 20% penalty on the value of incomplete works amounting to Nu. 4.309 million, which is still outstanding and the case is under arbitration. *(AIN 16621; OB No.: 2; Accountability: Direct: M/s Soenam Mebar Construction Pvt. Ltd, CDB No: 6133 & Kushyog Subba, Project Engineer, CID No.: 11204001380; Supervisory: Kezang Deki, Chief Engineer, EID No.:200401011 & Karma Yangki, Project Manager, EID No.: 20170108548)*

Status: *Observation Not Settled.*

As per the final Arbitral Award issued on 06/04/2020 by BADRC and the letter No.MoEA/IIDD(Audit)-01/2020/2502 dated 13/10/2021, the claimant (Contractor) has to pay Nu. 8,104,182.40 to the Respondent (DoI).

The contractor appealed to higher court and as per the verdict of the Supreme Court dated 02/12/2020 final arbitral award issued by Arbitral Tribunal was upheld and subsequently enforcement of the same was forwarded by the Supreme Court to the Sarpang Dzongkhag Court.

Therefore, DoI should recover the amount of Nu. 8,104,182.40, from the contractor and deposited with the RAA. It is advised that the Legal Section of the Ministry should follow-up with the Dzongkhag Court, Sarpang for judgement enforcement under intimate to the RAA.

3.1.4. MINISTRY OF FINANCE

During the year, the RAA had issued four audit reports of the Ministry of Finance (MoF), its departments and projects. There were 12 audit observations amounting to Nu. 4.695 million of which observations amounting to Nu. 2.215 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 2.480 were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled irregularities of Nu.0.400 million reported to the Parliament in April 2023, Nu.0.358 million was settled, leaving a balance of Nu.0.042 million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.358	0.358	-	100.00
5	Shortfalls, lapses and deficiencies	0.042	-	0.042	-
	Total	0.400	0.358	0.042	89.50

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved balances as of 29 February 2024 are as discussed below.

3. MISMANAGEMENT – NU. 0.358 MILLION

The case of mismanagement involving Nu. 0.358 million is as indicated below:

3.1. OUTSTANDING REVENUE - NU. 0.0358 MILLION

- a) The RRCO, Gelephu had outstanding Corporate Income Tax (CIT) and Business Income Tax (BIT) amounting to Nu. 0.834 million against various firms. The taxes were due since Income Year 2018 and 2019. The lapses had occurred due to inadequacies in control and follow-up mechanism. *(AIN: 16841; OB No.: 6; Accountabilities: Direct: Dorji Wangchuk, Joint Collector, EID No.: 200201015; Supervisory: Ugyen Namgyel, Regional Director, EID No.: 9101155)*

Status: Observation Settled.

Out of the total outstanding BIT & CIT amount of Nu.0.834 million; Nu.0.476 million was settled leaving a balance of Nu.0.358.00 million (Nu. 357,627.93) as of 31 March 2023.

The observation was settled based on follow-up report No. RAA/OAAG(T)/FUS-02/2023-2024/112 dated 27/10/2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.042 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.042 million is as indicated below:

5.1. OUTSTANDING ADVANCES - NU. 0.042 MILLION

The RRCO, Gelephu had outstanding personal and Public Works (PW) advances amounting to Nu. 0.120 million against various employees which had not been adjusted by the end of Financial Year. The lapses occurred due to lack of proper checks and controls in adjustment of advances to the employees. *(AIN: 16841; OB No.: 5; Accountabilities: Direct: Kezang, CID No. 10709002188 & Ugyen Namgyel, Regional*

Director, EID No. 9101155; Supervisory: Ugyen Namgyel, Regional Director, EID No. 9101155)

Status: Observation Partially Settled.

A Follow reminder vide letter No. RAA/OAAG(T)FUS-02/2022-2023/0112 dated 27 October 2023 was issued. However, an outstanding balance amount of Nu. 41,561.80 stands recoverable as of date.

3.1.5. MINISTRY OF FOREIGN AFFAIRS

During the year, the RAA had issued two audit reports of the Ministry of Foreign Affairs (MoFA), its departments and projects. There were nine audit observations amounting to Nu. 2.767 million of which Nu. 2.382 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR.

The significant unresolved irregularities amounting to Nu. 0.385 million were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu.0.200 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.200	-	0.200	-
	Total	0.200	-	0.200	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved balance as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.0.200 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.200 million is as indicated below:

5.1. NON-ADJUSTMENT OF ADVANCES – NU. 0.200 MILLION

The Royal Bhutanese Embassy, Bangkok had unadjusted advance amounting to Nu. 0.297 million. The Advances pertains to house rent advance of Nu. 0.097 million against

M/s 59 Residence. There was also transportation & air ticket advance of Nu. 0.199 million against Mr. Chitem Tenzin which had not been adjusted. Some advances were carried forward since 2011. The lapses occurred due to lack of proper controls, verification and follow-up systems with regards to unadjusted advances. (AIN: 16539; OB No.: 1 i & 1 ii; Accountabilities: Direct: Thinley Norbu, EID No.: 200211057 & Chitem Tenzin, EID No.: 8708042; Supervisory: Tshering Lhaden, EID No.: 9602035; Gembo Dorji, EID No.: 9610061; Chitem Tenzin, EID No.: 8708042; Sonam Phuntsho, EID No.: 9901006 & Dechen Lhendup, EID No.: 9811015)

Status: Observation Partially Settled.

An outstanding advance pertaining to Thinley Norbu Nu.0.097 m) was settled based on decision of the Follow Up- Committee Meeting held on 06/10/2021.

However, the recovery of the personal advance paid to Mr. Chitem Tenzin, a former employee of the Embassy, amounting to Nu. 199,240.28, along with a 24% penalty, remains outstanding. In pursuit of ATR response, Audit Report No. RAA/GGD/AR/RBE/BKK/2021-22/2222 (AIN GGD-2022-59) dated 14/12/2022 was issued, followed by a reminder, No. RAA/FLSD(3-MoFA)/RBE-Bk/2023/641, dated 12/10/2023.

3.1.6. MINISTRY OF HEALTH

During the year, the RAA had issued five audit reports of the Ministry of Health (MoH), its departments and projects. There were 11 audit observations amounting to Nu. 7.195 million of which observations amounting to Nu. 7.090 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 0.105 million was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6, Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularity reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as explained below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

5.1. OUTSTANDING ADVANCE

The Department of Public Health (DoPH), MoH had paid advance amounting to Nu. 0.207 million to Mr. Ugyen Norbu, Assistant Information and Media Officer for World Health Day celebration at Merak, Tashigang in the financial year 2017-2018. However, the advance amounting to Nu. 0.105 million remained unadjusted even after lapse of 18 months after the closure of financial year (AIN: 16578; OB No.: 1; Accountabilities: Direct: Ugyen Norbu, Information and Media Officer, EID No.: 200605016; Supervisory: Dorji Phub, Program Analyst, EID No.: 8701026)

Status: Observation Not Settled.

Although the principal amount of Nu.105,042.00 million was deposited with the RAA vide receipt No.01642 dated 5/11/2021, the balance outstanding advance of Nu. 34,948.77 remains unrecovered as of 29 February 2024. Therefore, the management was advised to recover the outstanding advance alongwith 24% penalty interest.

3.1.7. MINISTRY OF HOME AND CULTURAL AFFAIRS

During the year, the RAA had issued seven audit reports of the Ministry of Home and Cultural Affairs (MoHCA), its departments and projects. There were 18 observations amounting to Nu. 7.746 million of which observations amounting to Nu. 1.883 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 5.863 million were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the irregularities of Nu. 3.723 million reported to the Parliament in April 2023, Nu. 2.754 million was settled, leaving a balance of Nu. 0.969 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.705	0.705	-	100.00
4	Non-Compliance to laws and rules	3.018	2.049	0.969	67.89
	Total	3.723	2.754	0.969	73.97

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

3. MISMANAGEMENT – NU. 0.705 MILLION

The case of mismanagement involving Nu. 0.705 million is as indicated below:

3.1. EXPENDITURE WITHOUT BUDGET PROVISION – NU. 0.705 MILLION

The Department of Local Governance (DLG), MoHCA had spent Nu. 0.705 million for designing and purchase of Department Souvenir items from the project fund 'Capacity development of local government and fiscal decentralization'. However, there was no provision for such expenditure in the project agreement. *(AIN: 16961; OB No.:1; Accountabilities: Direct: Sangay Dorji, Program Officer, EID No.: 20140103344; Supervisory: Melam Zangpo, Chief Program Officer, EID No.: 2101034)*

Status: *Observation Settled.*

Based on the justification provided vide letter No.DLG/LGDD-13/318 dtd. 28/02/23, the observation was settled vide issuing Follow-up Report No.RAA/FuCD(P7-1)2023/737 dated 21/04/2023.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.969 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.969 million is as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Non-remittance of the concession rations receipts	0.969	-	0.969
4.2	Non-maintenance of records for fund usage	1.988	1.988	-
4.5	Inadmissible payment of TA/DA	0.061	0.061	-
	Total	3.018	2.049	0.969

4.1. NON-REMITTANCE OF CONCESSION RATION'S RECEIPTS – NU. 0.969 MILLION

The Royal Bhutan Police (RBP), Paro had not remitted Nu. 0.969 million that had been deducted from the salary of the individuals (RBP Personnel) who bought concession rations during the FY 2016-17, FY 2017-18 and FY 2018-19. The amount was used for meeting lock up ration bills, Police raising day expenses and other official entertainments. The lapses occurred due to not having specific budget line to book the expenses and due to lack of clear segregation in incurring expenditure and treatment of remittances for the concession rations. (AIN: 16750; OB No.:1; Accountabilities: Direct: Khandu Gyeltshen, Dedrim, PIN No.: 3895 & CID No.: 11810002233; Supervisory: Dorji Wangchuk, Superintendent of Police, PIN No.: 153 & CID No.: 10710001804)

Status: Observation Not Settled.

Until such time that the accrued 24% penalty amounting to Nu. 178,838.84 is recovered, the observation shall remain unresolved. To this, the follow up reminder RAA/FUCD(Y1RBP)2023/214 dt. 08/08/2023 was served in pursuit of ATR response.

4.2. NON-MAINTENANCE OF RECORDS FOR FUND USAGE – NU. 1.988 MILLION

The RBP, Paro had deducted Nu. 1.988 million from the salary of the RBP personnel as miscellaneous local deductions. However, no records were being maintained indicating how the fund being used. The lapses occurred due to lack of appropriate control mechanism, proper guidelines and standard operating procedures in usage of fund and documentation requirement. (AIN: 16750; OB No.:2; Accountabilities: Direct: Khandu Gyeltshen, Dedrim, PIN No.: 3895 & CID No.: 11810002233; Supervisory: Dorji Wangchuk, Superintendent of Police, PIN No.: 153 & CID No.: 10710001804)

Status: Observation Settled.

Based on the verification carried out by the audit team, the observation was considered settled.

4.5. INADMISSIBLE PAYMENT OF TA/DA – NU. 0.061 MILLION

The DLG, MoHCA paid daily allowance amounting to Nu. 0.074 million to its staff and officials from Ministry of Home and Culture Affairs though the distance traveled was less than 10 km. The lapses was occurred due to lack of proper internal control system in payment of Daily Allowance (DA) and mileages. (AIN: 16575; OB No.: 1; Accountabilities: Direct: Kinley Tenzin, Dy. Chief Program Officer, EID No.: 200201063; Supervisory: Sonam Gyeltshen, Chief Program Officer, EID No.: 2101029)

Status: Observation Settled.

Out of the total of Nu.0.074 million; Nu.0.013 million was deposited leaving a balance Nu.0.061 million as of 31 March 2022. The balance remained unsettled as of 31 March 2023.

The observation was settled based on the deposit of Nu.98.060.81 by 25 individuals. Accordingly, the Follow up Report RAA/FuCD(P7)2023/924 dated 22/05/23 was issued.

3.1.9. MINISTRY OF LABOR AND HUMAN RESOURCES

During the year, the RAA had issued three audit reports of the Ministry of Labor and Human Resources (MoLHR), its departments and projects. There were 25 audit observations amounting to Nu. 4.787 million of which observations amounting to Nu. 4.153 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 0.634 million was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.634 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.634	0.634	-	100
	Total	0.634	0.634	-	100

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.634 MILLION

5.1. EXCESS PAYMENT TO CONTRACTOR – NU. 0.634 MILLION

The Department of Technical Education (DTE), MoLHR had made excess payment of Nu. 0.634 million to M/s Tshewang Construction Private Limited for the construction of Training Centre at JWPTI, Dekiling, Sarpang. The lapses had occurred due to failure to verify the admissibility of the claims made by the contractor. (AIN: 16508; OB No.: 1; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No.:9001016; Thae Choden

Dorji, Project Engineer, EID No.: 20150105009 & M/s Thsewang Construction Pvt. Ltd., CDB No.: 1032; Supervisory: Sangay Dorji, Chief Program Officer, EID No.: 9109013 & Pelden Tshering, Training Director, EID No.: 9011034)

Status: Observation Settled.

The following amounts were deposited with the RAA:

- 1. The principal amount of Nu. 634,195.76 was deposited with the RAA via receipt No. 02926 dated 30/05/20231.*
- 2. A penalty of Nu. 10,000/- was deposited via Receipt No. 02933 dated 4/8/2023.*
- 3. A penalty of Nu. 225,241.39 was deposited via Receipt No. 02945 dated 05/10/2023.*
- 4. An amount of Nu. 27,939.00 was remitted for the lockdown period after consideration by the Follow-up Committee on 4 Oct. 2023.*
- 5. The remaining balance of Nu. 200,000/- as penalty was deposited via Receipt No. RAA/TH/2024/43 dated 11/01/2024.*

Considering the amounts deposited with the RAA, inclusive of the accumulated penalties outlined above, the observation has been considered settled.

3.1.10. MINISTRY OF WORKS AND HUMAN SETTLEMENT

During the year, the RAA had issued 11 audit reports of the Ministry of Works and Human Settlement (MoWHS). There were 97 observations amounting to Nu. 407.998 million of which observations amounting to Nu. 62.185 million were either resolved as of 31 January 2020 or did not qualify for inclusion in the AAR 2021.

The significant unresolved irregularities amounting to Nu. 345.813 million was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-ups with the Ministry and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled irregularities of Nu.255.010 million reported to the Parliament in April 2023, Nu.15.784 million settled, leaving a balance of Nu.239.794 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	32.350	9.436	22.914	29
5	Shortfalls, lapses and deficiencies	222.660	6.348	216.312	3
	Total	255.010	15.784	239.226	6

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 22.914 MILLION

The cases of non-compliance to laws and rules involving Nu. 22.914 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Expenditure without Release	9.436	9.436	-
4.3	Non-Recovery of dues after contract termination	22.914	-	22.914
	Total	32.350	9.436	22.914

4.1 EXPENDITURE WITHOUT RELEASE – NU. 9.436 MILLION

The Regional Office, Department of Roads (DOR), Phuntsholing had incurred expenditure of Nu. 9.436 million for the Asian Development Bank (ADB) funded project: South Asia Sub-Regional Economic Cooperation (SASEC) Transport, Trade Facilitation and Logistics Project. The expenditure incurred was from RGOB fund instead of Project Fund. The lapses had occurred due to lack of periodic reconciliation of expenditure vis-à-vis budgetary release of the ADB project and the RGoB funds. (AIN: 16978; OB No.: 1; Accountabilities: Direct: Tilak Thara, Accounts Assistant, EID No.: 201007232; Supervisory: Kinzang Wangchuk, Project Coordinator, EID No.: 9807035)

Status: Observation Settled

Based on the justification provided and necessary correction made through reconciliation as provided, the observation was treated settled vide Follow up Report No. RAA/OAAG-Pling/SASEC-DoR/ 2023/278 dated. 05/06/2023.

4.3 NON-RECOVERY OF DUES AFTER CONTRACT TERMINATION - NU. 22.914 MILLION

- a) The RO, DoR, Lingmethang had not recovered advances and dues amounting to Nu. 5.907 million from M/s Gongphel Construction Pvt. Ltd., Samtse for double lane works of the NEWH at Ngatshang – Korila though the contract was terminated on 6 August 2019. The lapses had occurred due to inadequate checks, controls and tracking system of the advances while making payments to contractors. (AIN: 16769; OB No.: 2.4; Accountabilities: Direct: Nado, Accountant, EID No. 9709042 & M/s Gongphel Construction Pvt. Ltd., CDB No.: 2119; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- b) The RO, DoR, Lobesa had not recovered advances and dues amounting to Nu. 17.007 million against M/s U.P Construction Pvt. Ltd. for the contract work of improvement of road from Razhau to Nobding though the contract was terminated on 10 May 2019. The lapses occurred due to inadequate checks, controls and tracking system of the advance while making payments to contractors. (AIN: 16897; OB No.: 1; Accountabilities: Direct: Balaram Acharya, Executive Engineer, EID No. 908099 & M/s U.P Construction Pvt. Ltd., CDB No.: 3329; Supervisory: Karma Tenzin, Chief Engineer, EID No. 9009057)

Status: Observation not settled

The case is subjudice at the Supreme Court. A follow up reminder letter has been served vide RAA/OAAG(T)/AR/(P-DoR)/2022/ 0092 dated 14 September 2022.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 216.312 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 216.312 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/ Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.2	Excessive Balance in Non-revenue Account	50.593	-	50.593
5.3	Huge Outstanding Advances	154.773	-	154.773
5.4	Adjustment of Performance Security without Bank Guarantee	7.900	-	7.900
5.5	Excess Payment to contractor	1.055	-	1.055
5.7	Non-forfeiture of Performance Security	5.480	5.480	-

5.8	Non-recovery of insurance premium	0.249	0.249	-
5.9	Short Recoveries	2.610	0.619	1.991
	Total	222.660	6.348	216.312

5.2. EXCESSIVE BALANCE IN NON-REVENUE ACCOUNT – NU. 50.593 MILLION

The RO, DoR, Trongsa had a total non-revenue account balance amounting to Nu. 50.593 million. This was mainly resulted due to non-conduct of periodic reconciliation of the financial statements resulting in such huge differences. (AIN: 16832; OB No.: 2; Accountabilities: Direct: Tsheten Wangchuk, Accountant, EID No.: 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

5.3 OUTSTANDING ADVANCE - NU. 154.773 MILLION

The cases of outstanding advance is as follows:

- a) The RO, DoR, Trongsa had not adjusted outstanding advance of Nu. 6.834 million against M/s Druk Lhayul Construction Pvt. Ltd. for the contract work of double lanning of NEWH, Package 5 even after the termination of the contract. The RO had failed to make necessary adjustment though the contract was terminated on 25 February 2019 after four months from the liquidated damages period. (AIN: 16832; OB No.: 10; Accountabilities: Direct: Tashi Dorji, AE, EID No.: 2107149 & M/s Druk Lhayul Construction Pvt. Ltd., CDB No.: 1664; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- b) The RO, DoR, Trongsa had not adjusted outstanding advance of Nu. 17.646 million against M/s Raven Builders & Co. Pvt. Ltd. for the contract work of double lanning of NEWH, Package 6 even after the termination of the contract on 3 June 2019. The RO had failed to make necessary adjustment though the contract was terminated after four months from the liquidated damages period. (AIN: 16832; OB No.: 11.2; Accountabilities: Direct: Tashi Dorji, AE, EID No.: 2107149 & M/s Raven Builders & Co. Pvt. Ltd., CDB No.: 2556; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- c) The RO, DoR, Trongsa had not adjusted outstanding advance of Nu. 15.558 million against M/s Druk Lhayul Construction Pvt. Ltd. for the contract work of black topping and construction of L-drain at Nabji Korphu GC road. The advance was not adjusted even after the termination of the contract on 25 February 2019. (AIN: 16832; OB No.: 19.1; Accountabilities: Direct: Phuntsho, AE, EID No.: 2007045 & M/s Druk Lhayul Construction Pvt. Ltd., CDB No.: 1664; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- d) The RO, DoR, Lingmithang had outstanding advances amounting to Nu. 64.799 million against various contractors. The lapses occurred due to lack of monitoring over the outstanding balances against the parties concerned and their necessary adjustment/recoveries. (AIN: 16769; OB No.: 1; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- e) The RO, DoR, Tingtibi had outstanding advances amounting to Nu. 55.163 million against various contractors. The major outstanding advances pertains to supply of bitumen which remained unadjusted since FY 2012-2013. The lapses occurred due to the management's failure to watch over the outstanding balances against each of the parties while settling the contractor's claims.. (AIN: 16873; OB No.: 5; Accountabilities: Direct: Tenzin Wangchuk, Accountant, EID No.: 9404031 & Thinley Namgyel, Accountant, EID No.: 9604090; Supervisory: Karma Dorji, Chief Engineer, EID No.: 9107122)

Status: Observation Not Settled.

Out of Nu.55.163 million, a sum of Nu.6.350 million was adjusted vide letter No.DoR/RO-Tingtibi/2020-2021/Mtc-16/655 dated 21/01/2021 thereby leaving the balance amount of Nu.48.813 million.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- f) The RO, DoR, Sarpang had outstanding advance amounting to Nu. 1.123 million against M/s Karma Construction Private Limited for the construction of Abutment and RT works at Taklai Chhu on Umling GC road. The outstanding advances pertain to payment of 75% material secured advance made to the contractor. The lapses was due to the management's failure to watch over the outstanding balances against the earlier advances while settling the contractor's claims. (AIN: 16864; OB No.: 8; Accountabilities: Direct: Late Kishore Chhetri, Junior Engineer, EID No.: 9001126; Supervisory: Sonam Namgyel Wangdi, Executive Engineer, EID No.: 8907168)

Status: *Observation Not Settled.*

As per the judgement enforcement vide court verdict No. (GETHRIM23-127) dated 31/05/2023 of the Dungkhag Court, the contractor was advised to restitute a sum of Nu. 1,694,004.97 within 31/10/2023. However, no ATR response was received as of 29 February 2024.

5.4 ADJUSTMENT OF PERFORMANCE SECURITY WITHOUT BANK GUARANTEE NU. 7.900 MILLION

The RO, DoR, Trongsa had shown Performance Security valuing Nu. 7.900 million which was in the form of Bank Guarantee as deducted/adjusted from the total recoverable dues upon termination of contract with M/s Raven Builders & Co. Pvt. Ltd. pertaining to the contract work of double lanning of NEWH, Package 6. The deductions/adjustments was effected without the proof of realisations of the amount and accountal in the books of accounts. The case is under arbitration. (AIN: 16832; OB No.: 11.1; Accountabilities: Direct: Tsheten Wangchuk, Accountant, EID No.: 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: *Observation Not Settled.*

The observation remain unsettled as no ATR response was received as of 29 February 2024.

5.5 EXCESS PAYMENT TO CONTRACTOR - NU. 1.055 MILLION

The cases of excess payment are as follows:

- a) The RO, DoR, Trongsa had made excess payment of Nu. 0.310 million to M/s Diana Pvt. Ltd., Thimphu for the contract of improvement works on Trongsa-Gelephu Primary National High Way, Package 2. The excess payment was due to non-adjustment of the advances from running bills. (AIN: 16832; OB No.: 20.1; Accountabilities: Direct: Tashi Dorji, AE, EID No.: 2107149 & M/s Diana Pvt. Ltd., CDB No.: 7876; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: *Observation Not Settled.*

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- b) The RO, DoR, Tingtibi had made excess payment of Nu. 0.322 million to M/s Singye Construction Pvt. Ltd., Thimphu for blacktopping work of Dakpai-Buli-Nimshong Road. The excess payment occurred due to difference in quantities of work executed and paid for. (AIN: 16873; OB No.: 3.2; Accountabilities: Direct: Narayan Timsina, EID No.: 2011011243; Sangay Duba, Engineer, EID No.: 20150105089 & M/s Singye Construction, CDB No.: 2148; Supervisory: Snagay Duba, Engineer, EID No.: 20150105089; Guman Singh Chettri, EID No.: 9207085 & Karma Dorji, Chief Engineer, EID No.: 9107122)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- c) The RO, DoR, Lobesa had made excess payment of Nu. 0.775 million to various contractors in the construction of RRM walls along Wangdue-Wakleytar PNH. The excess payment occurred due to wrong calculation of measurements of the RRM wall. (AIN: 16552; OB No.: 1; Accountabilities: Direct: Monita Tamang, Junior Engineer, EID No.: 201101246; Cheten Tshering, Principal Engineer, EID No.: 880035; M/s Diana Pvt. Ltd., CDB No.: 7876; M/s Sha Samphel Construction, CDB No.: 1402; M/s Druk Kuenphen Builders, CDB No.: 2875; M/s Tshering Zamling Construction, CDB No.: 5021 & Sajjan Rai, Labor Contractor, CID No.: 21812000053; Supervisory: Karma Tenzin, Chief Engineer, EID No.: 9009057)

Status: Observation Not Settled.

Out of the total amount of Nu.0.775 million; Nu. 0.352 million was deposited with the RAA leaving a balance of Nu.0.423 million as of 31 March 2022. (Nu.301,386.39 Rt.No. A00526 dated 25/01/2021; Nu.18,600.97 Rt. No.A00529 dated 28/01/2021 & Nu. 32,014.69Rt. No. A00569 dated 05/04/2021).

The case is under Arbitration. A follow up reminders vide RAA/OAAG(T)/AR/(P-DoR)/2022/ 0092 dated 14 September 2022 and vide RAA/OAAG(T)/AR/(RO-DoST)/2023/0125 dated 22 November 2023 were served.

5.7 NON-FORFEITURE OF PERFORMANCE SECURITY – NU. 5.480 MILLION

The RO, DoR, Limithang had not forfeited 10% Performance Security amounting to Nu. 5.480 million from M/s Gongphel Construction Pvt. Ltd., Thimphu for the double lane works of the NEWH of Ngatshang - Korila. The contract was terminated on 6 August 2019 due to the failure to deploy key technical personnel and equipment at site and poor work progress. (AIN: 16769; OB No.: 2.2; Accountabilities: Direct: Tenzin, Executive

Engineer, EID No. 200307010 & M/s Gongphel Construction Pvt. Ltd., CDB No.: 2119; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation Settled.*

This observation has been resolved in accordance with:

- 1. Letter No. DoSt/ROL/A-II/2023/262 dated 03/10/2023;*
- 2. Decision of the Arbitral Tribunal as per letter No. ARDC/LD/01/005/19 dated 16/07/2019; and*
- 3. Decision of the Supreme Court of Bhutan as per letter No. Supreme Court/020-208/ dated 18/06/2020.*

The amount of Nu. 1,927,883.77 was deposited into the Non-revenue Account of the Ministry of Finance via DV.6.33 dated 13/06/2023, after deducting admissible payments to the contractor.

5.8 NON-RECOVERY OF INSURANCE PREMIUM – NU. 0.249 MILLION

The RO, DoR, Lingmethang had made payment of insurance premium amounting to Nu. 0.249 million on behalf of the M/s Gongphel Construction Pvt. Ltd., Thimphu for the double lane works of the NEWH of Ngatshang - Korila. However, the insurance premium was not recovered from the contractor. *(AIN: 16769; OB No.: 2.3; Accountabilities: Direct: Tenzin, Executive Engineer, EID No. 200307010 & M/s Gongphel Construction Pvt. Ltd., CDB No.: 2119; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)*

Status: *Observation Settled.*

This observation has been resolved in accordance with:

- 4. Letter No. DoSt/ROL/A-II/2023/262 dated 03/10/2023;*
- 5. Decision of the Arbitral Tribunal as per letter No. ARDC/LD/01/005/19 dated 16/07/2019; and*
- 6. Decision of the Supreme Court of Bhutan as per letter No. Supreme Court/020-208/ dated 18/06/2020.*

The amount of Nu. 1,927,883.77 was deposited into the Non-revenue Account of the Ministry of Finance via DV.6.33 dated 13/06/2023, after deducting admissible payments to the contractor.

5.9 SHORT RECOVERIES - NU.2.610 MILLION

- a) The RO, DoR, Tingtibi had made short recoveries of Nu. 2.559 million from various contractors pertaining to the bitumen costs. The lapses occurred due to poor checks, controls and verification over outstanding dues recoverable from contractors while

settling the claims. (AIN: 16873; OB No.: 2.1; Accountabilities: Direct: Karma Penjor, Store Assistant, EID No.: 9011074; Needup Dorji, EID No.: 8908092 & Choni Jamtsho, EID No.: 200901085; Supervisory: Karma Dorji, Chief Engineer, EID No.: 9071222; Tenzin Wangchuk, Accountant, EID No.: 9404031; Karma Penjor, Store Assistant, EID No.: 9011074 & Thinley Namgyel, Accountant, EID No.: 9604090)

Status: Observation Not Settled.

The observation remain unsettled as no ATR response was received as of 29 February 2024.

- b) The RO, DoR, Tingtibi had made short recoveries of Nu. 0.051 million from M/s Singye Construction Pvt. Ltd., Thimphu from blacktopping work of Dakpai-Buli-Nimshong Road. The short recoveries pertain to transportation of loose soils. The lapses occurred due to deduction of 15% voids as against the applicable 20% voids. (AIN: 16873; OB No.: 3.3; Accountabilities: Direct: Narayan Timsina, EID No.: 2011011243; Sangay Duba, Engineer, EID No.: 20150105089 & M/s Singye Construction, CDB No.: 2148; Supervisory: Snagay Duba, Engineer, EID No.: 20150105089; Guman Singh Chettri, EID No.: 9207085 & Karma Dorji, Chief Engineer, EID No.: 9107122)

Status: Observation Settled.

The observation is resolved as per letter No.RO-Tingtibi/2023/MTC-15/1205 dated 16/06/2023 since the difference resulted from a calculation error.

- c) The RO, DoR, Phuntsholing had not recovered advances and dues amounting to Nu. 0.568 million from M/s Diana Pvt. Ltd. from the BT work of Mertsemo to Jungley GC road though the contract was terminated on 16 August 2019. The lapses was due to not having proper checks, controls and tracking system of the advance while making payments to contractors. (AIN: 16453; OB No.: 1.4; Accountabilities: Direct: Yam Kumar, Junior Engineer, EID No.: 201420720527 & M/s Diana Pvt. Ltd., CDB No.: 7876; Supervisory: Naten Tshering, Assistant Engineer, EID No.: 9907117 & Dorji Wangdi, Chief Engineer, EID No.: 8601100)

Status: Observation Settled.

Nu.0.570 million was deposited with the RAA vide Rt. N.01544 dated.24/08/2021 and a 24% penalty of Nu.0.145 million was considered settled based on the justification submitted in ATR response No. TT/infra.Div/Gen/2023-2024/182 dated 30.10.2023

3.2. DZONGKHAG ADMINISTRATIONS

During the year, 6 Dzongkhags Administration had unresolved irregularities amounting to Nu. 19.861 million as follows:

3.2.1 BUMTHANG DZONGKHAG

The significant unresolved irregularities amounting to Nu. 2.715 million against Bumthang Dzongkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.2.166 million reported to the Parliament in April 2023 was resolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as of 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	2.166	2.166	-	100
	Total	2.166	2.166	-	100

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.166 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.166 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Non-deduction of voids	0.250	0.250	-
5.2	Overpayment due to incorrect rate analysis	0.520	0.520	-
5.3	Excess payment	1.319	1.319	-
5.4	Non-installation of projector components	0.077	0.077	-
	Total	2.166	2.166	-

5.1 NON-DEDUCTION OF VOIDS - NU. 0.250 MILLION

The Dzongkhag Administration, Bumthang had not deducted 166.88 m³ of voids amounting to Nu. 0.250 million from M/s Yarphe Builders, Zhemgang in the construction of DYT Hall. The lapse had occurred due to non-deduction of 20% voids for the transportation of excavated earth. (AIN: 16907; OB No.:1.2; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307017)

Status: Observation Settled.

The observation was considered settled based on the justification submitted by Dzongkhag Administration, Bumthang vide letter JKD/IA/2022-2023/8916 dated 08/05/2023.

5.2 OVERPAYMENT DUE TO INCORRECT RATE ANALYSIS - NU. 0.520 MILLION

The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.520 million to M/s Yarphe Builders, Zhemgang for the construction of DYT Hall. The overpayment occurred due to incorrect rate analysis for varied items as the average percentage above or below the applicable Bhutan Schedule of Rates (BSR) quoted by the contractor was not taken into consideration. (AIN: 16907; OB No.:1.3; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307017)

Status: Observation Settled.

The observation was considered settled based on the justification submitted by Dzongkhag Administration, Bumthang vide letter JKD/IA/2022-2023/8916 dated 08/05/2023.

5.3 EXCESS PAYMENT - NU. 1.869 MILLION

- a) The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.571 million to M/s Yarphe Builders, Zhemgang in the construction of DYT Hall. The lapses had occurred due to differences in quantities of works executed and paid for in providing and laying of CRM in superstructure and site development works for RRM wall. Excess payment of Nu. 0.181 million and Nu. 0.390 million were noted for CRM and RRM works respectively. (AIN: 16907; OB No.:1.4, 1.5; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307017)

Status: Observation Settled.

The observation was considered settled based on the justification submitted by Dzongkhag Administration, Bumthang vide letter JKD/IA/2022-2023/8916 dated 08/05/2023.

- b) The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.748 million to M/s Construction Development Corporation Limited in the improvement and construction of the existing urban road from Wangdicholing Hospital junction to Kurjee Chakhar. The excess payment had occurred due to difference in the quantities executed and paid for. (AIN: 16907; OB No.:2; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Construction Development Corporation Ltd., CDB No. 5367; Supervisory: Tharchen, Dzongkhag Engineer, EID No. 9707053)

Status: Observation Settled.

The observation considered settled based on the justification submitted by Dzongkhag Administration, Bumthang vide letter JKD/IA/2022-2023/8916 dated 08/05/2023.

5.4 NON-INSTALLATION OF PROJECTOR COMPONENTS - NU. 0.077 MILLION

The Dzongkhag Administration, Bumthang had made payments amounting to Nu. 0.077 million for installation of projector components in DYT Hall. However, during the joint physical verification, it was noted that projector components were not installed at site. (AIN: 16907; OB No.:1.8; Direct Accountabilities: Rinzin Wangmo, Engineer, EID No. 9607049; M/s Yarphel Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307013)

Status: Observation Settled.

The observation was considered settled based on the justification submitted by Dzongkhag Administration, Bumthang vide letter JKD/IA/2022-2023/8916 dated 08/05/2023.

3.2.2 CHUKHA DZONGKHAG

The significant unresolved irregularities amounting to Nu. 2.954 million against Chukha Dzongkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularities of Nu.1.813 million reported to the Parliament April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.813	-	1.813	-
	Total	1.813	-	1.813	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.813 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.813 million is as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/ Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Non recovery of outstanding advances upon termination of contract	1.642	-	1.642
5.2	Double payment in slab reinforcement	0.171	-	0.171
	Total	1.813	-	1.813

5.1 NON-RECOVERY OF OUTSTANDING ADVANCES UPON TERMINATION OF CONTRACT - NU.1.642 MILLION

The Dzongkhag Administration, Chukha had not recovered outstanding advance amounting to Nu. 1.642 million from M/s Druk Zorig Gongphel Construction, Thimphu pertaining to the construction of additional facilities which included (120 bedded hostel, 12 units class room, four units staff quarter, football ground and basketball ground) at Pakshikha Central School upon termination of the contract. Although the Dzongkhag subsequently forfeited the contractor's performance security, retention money and the adjustment of final bill, the amount recoverable were not sufficient to adjust the outstanding advances. (AIN: 16712; OB No.:1.1; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Druk Zorig Gongphel Construction, CDB No. 1831; Supervisory: Tshering Chopel, DE, EID No. 8808013)

Status: Observation Not Settled.

The follow up reminder was issued vide letter No.RAA/OAAG-Pling/Chu-Dzo-A1/2023/85 dated 15/02/2023. However, a sum of Nu.1.642 million stands recoverable as of 29 February 2024.

5.2 DOUBLE PAYMENT IN SLAB REINFORCEMENT - NU. 0.171 MILLION

The Dzongkhag Administration, Chukha had made double payments amounting to Nu. 0.171 million to M/s Druk Zorig Gongphel Construction, Thimphu in the construction of additional facilities which included (120 bedded hostel, 12 units class room, four units staff quarter, football ground and basketball ground) at Pakshikha Central School. The lapses had occurred due to payment of slab reinforcement works for bottom rebar in second floor twice indicating failure on the part of site engineer to exercise due diligence. (AIN: 16712; OB No.:1.2; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Druk Zorig Gongphel Construction, CDB No. 1831; Supervisory: Tshering Chopel, DE, EID No. 8808013)

Status: Observation Not Settled.

A sum of Nu.0.171 million stands recoverable as of 29 February 2024 despite a Follow up reminder was issued vide letter No.RAA/OAAG-Pling/Chu-Dzo-A1/2023/85 dated.15/02/2023.

3.2.3 LHUENTSE DZONGKHAG

The significant unresolved irregularities amounting to Nu. 8.204 million against Lhuentse Dzongkhag was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu. 2.117 million reported to the Parliament in April 2023 was resolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	2.117	2.117	-	100
	Total	2.117	2.117	-	100.00

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.117 MILLION

The case of non-compliance to laws and rules involving Nu. 2.117 million is as indicated below:

4.2 PAYMENT MADE AGAINST PHOTOCOPIED BILLS - NU. 2.117 MILLION

The Dzongkhag Administration, Lhuentse had made payments of Nu. 2.117 million on duplicate bills for the procurement of Korean made LED from M/s. Hurry bird, Thimphu. Although the supplier had not submitted the original bills, the payment had been approved and disbursed. (AIN: 16997; OB No.:4.2; Accountabilities: Direct: Tashi Dhendup, Assistant Procurement Officer, EID No. 20160106508; Supervisory: Kinley Dorji, Dzongrab, EID No. 9808131)

Status: Observation Settled.

The observation was resolved based on the re-submission of justifications and supporting documents vide letter No.LD/Acc-01/2022/3307 dated 10th May 2022 and also based on the decision of Review Meeting held at Lhuentse Dzongkhag on 23/08/2023.

3.2.5 PARO DZONGKHAG

The significant unresolved irregularities amounting to Nu. 1.956 million against Paro Dzongkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu.1.340 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	1.290		1.290	-
5	Shortfalls, lapses and deficiencies	0.050	-	0.050	-
	Total	1.340	-	1.340	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities settled and unsettled ones as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.290 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.290 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024
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		(Nu. M)		(Nu. M)
4.2	Non-recovery of positive difference	1.215	-	1.215
4.3	Payment for works not executed	0.075	-	0.075
	Total	1.290	-	1.290

4.2 NON-RECOVERY OF POSITIVE DIFFERENCE - NU. 1.215 MILLION

The Dzongkhag Administration, Paro had failed to recover the positive difference of Nu. 1.215 million between the lowest and the second lowest evaluated bidder upon withdrawal by the first lowest evaluated bidder with a bid value of Nu. 1.674 million for re-surfacing of urban roads. Subsequently the works were executed departmentally. (AIN: 16749; OB No.:7.2; Accountabilities: Direct: Phubchu, Assistant Engineer, EID No. 200207098; Supervisory: Kencho Dorji, Municipal Engineer, EID No. 9707052).

Status: Observation Not Settled.

The Dzongkhag Administration informed that the case was forwarded to the Legal officer for legal intervention vide letter no PADZONG/ZORIG/32/2022/2312 dated 10/10/2022.

Further, during the Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag Administration led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the Dzongkhag staff, the Dzongkhag Administration informed the RAA Team about the case of legal intervention. The outcome of the legal proceedings will be intimated to RAA for the updates.

4.3 PAYMENT MADE FOR WORKS NOT EXECUTED - NU. 0.075 MILLION

The Dzongkhag Administration, Paro had made payment of Nu. 0.075 million to M/s Gawai Nyima Construction for works not executed in the construction of Dasho Dzongda's residence at Jangsa. The excess payment occurred due to differences in quantities executed at site and quantities claimed for. (AIN:16749: Obs No: 5.2 Direct Accountability: Tashi, Asstt. Engineer, EID No.200207097 M/s Gawai Nyima Construction, CDB No.6312 Supervisory Accountability: Choney Zangmo, Chief Dzongkhag Engineer, EID No. 9901228).

Status: Observation Not Settled.

The Dzongkhag Administration informed that the case was forwarded to the Legal officer for legal intervention vide letter no PADZONG/ZORIG/32/2022/2312 dated 10/10/2022.

Further, during the Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag Administration led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the Dzongkhag staff, the Dzongkhag Administration informed the

RAA Team about the case of legal intervention. The outcome of the legal proceedings will be intimated to RAA for the updates.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.050 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.050 million is as indicated below:

5.1 EXCESS PAYMENTS - NU. 0.050 MILLION

- a) The Dzongkhag Administration, Paro had made excess payment of Nu. 0.050 million to M/s Gawai Nyima Construction in the construction of Dasho Dzongda's residence at Jangsa. The contractor had inflated the rate for providing and fixing electric water heater. (AIN: 16749; OB No.:5.1; Accountabilities: Direct: Tashi, Assistant Engineer, EID No. 200207097; M/s Gawai Nyima Construction, CDB No.6312; Supervisory: Choney Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

Status: *Observation Not Settled.*

The Dzongkhag Administration informed that the case was forwarded to the Legal officer for legal intervention vide letter no PADZONG/ZORIG/32/2022/2312 dated 10/10/2022.

Further, during the Follow-up Review Meeting held on 3 August 2023 in the DYT Hall of the Dzongkhag Administration led by the Hon'ble Auditor General; attended by Dasho Dzongdag and the Dzongkhag staff, the Dzongkhag Administration informed the RAA Team about the case of legal intervention. The outcome of the legal proceedings will be intimated to RAA for the updates.

3.2.7 SAMDRUPJONGKHAR DZONGKHAG

The significant unresolved irregularities amounting to Nu. 7.850 million against Samdrupjongkhar Dzongkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023, submitted to the 7th Session of the third Parliament in April 2023. Out of the irregularities of Nu.7.850 million reported to the Parliament in April 2023, Nu.0.117 million was settled, leaving Nu. 7.733 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	7.850	0.117	7.733	1
	Total	7.850	0.117	7.733	1

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 7.733 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 7.733 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess payment	3.115	0.117	2.998
5.2	Non-realization of 20% penalty upon termination of contract	2.663	-	2.663
5.3	Underutilization of properties	2.072	-	2.072
	Total	7.850	0.117	7.733

5.1 EXCESS PAYMENTS - NU. 3.062 MILLION

- a) The Dzongkhag Administration, Samdrupjongkhar had made excess payment of Nu. 1.370 million to M/s PT Construction, Sarpang in the construction of 4-Units Staff Quarter and Library Block at Phuntshothang MSS. The excess payment had occurred due to non-deduction of lump sum rebate from the subsequent RA bills. (AIN: 16514; OB No.: 1.1; Accountabilities: Direct: Tshering Yangzom, AE, EID No. 200307014; M/s PT Construction, Sarpang, CDB No. 4946; Supervisory: Chador Phuntsho, Principal Engineer, EID No.9107092)

Status: Observation Not Settled.

As per the assurance letter submitted to RAA vide letter No. Nil dated 17/03/2022 90% of the works was completed and remaining works to be completed within 45 days from the submission of the above letter. The follow-up reminders vide No. OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/341 dated 14/02/2023 and vide No.OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/717 of 29/11/2023 were served.

- b) The Dzongkhag Administration, Samdrupjongkhar had made excess payment of Nu. 1.628 million to M/s PT Construction, Sarpang in the construction of 4-Units Staff Quarter and Library Block at Phuntshothang MSS. The excess payment was made on account of RA Bills payment due to inadequate verification of contractor's claim against actual quantum of work executed at site. (AIN: 16514; OB No.: 1.3; Accountabilities: Direct: Tshering Yangzom, AE, EID No. 200307014; M/s PT Construction, Sarpang, CDB No. 4946; Supervisory: Chador Phuntsho, Principal Engineer, EID No. 9107092)

Status: Observation Not Settled.

As per the assurance letter submitted to RAA vide letter No. Nil dated 17/03/2022 90% of the works was completed and remaining works to be completed within 45 days from the submission of the above letter. The follow-up reminders vide No. OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/341 dated 14/02/2023 and vide No.OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/717 of 29/11/2023 were served.

- c) The Dzongkhag Administration, Samdrupjongkhar had made an excess payment to the community contractor in the construction of 6-units hostel at LUC Jangsa amounting to Nu. 0.064 million. The payment pertained to construction of open surface drain and plinth protection works which were not executed at site. (AIN: 16514; OB No.: 5; Accountabilities: Direct: Tshering Dorji, AE, EID No. 20140103491; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507335)

Status: Observation Settled.

Based on the submission of response and re-worked documents (percentage base) to RAA vide letter No. JD/Es-14/2021-2022/1123 of 31/05/2022, the amount has been reduced from Nu. 63,857.92 to 17,880.21.

The observation was settled upon deposit of Nu.29,742.87 vide receipt No.A-01452 dated 09/6/2023 along with the 24% penalty.

- d) The Dzongkhag Administration, Samdrupjongkhar had made an excess payment of Nu. 0.053 million in the construction of kitchen cum dining hall at LUC Jangsa executed by community contractor. The payment pertained to drainage and plinth protection works which was not executed at site. (AIN: 16514; OB No.: 6; Accountabilities: Direct: Tshering Dorji, AE, EID No. 20140103491; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507335)

Status: Observation Settled.

Based on the submission of response and re-worked (percentage base) documents to RAA vide letter No. JD/Es-14/2021-2022/1122 of 31/05/2022, the amount has been reduced from Nu. 52,871.59 to 15,750.44.

The observation was settled based on the deposit of Nu.26,200.00 into ARA vide receipt No.A-01452 dated 09/06/2023 along with the 24% penalty.

5.2 NON-REALIZATION OF 20% PENALTY FOR INCOMPLETE WORKS UPON CONTRACT TERMINATION - NU. 2.663 MILLION

The Dzongkhag Administration, Samdrupjongkhar had not realized 20% penalty on the value of incomplete works and the mobilization advances amounting to Nu. 2.663 million upon termination of contract of M/s PT Construction, Sarpang pertaining to the construction of 4-Units Staff Quarter and Library Block at Phuntshothang MSS. (AIN: 16514; OB No.: 1.2; Accountabilities: Direct: Tshering Yangzom, AE, EID No. 200307014; M/s PT Construction, Sarpang, CDB No. 4946; Supervisory: Lobzang Dorji, Dungpa, EID No.8801079)

Status: *Observation Not Settled.*

As per the assurance letter submitted to RAA vide letter No. NIL dated 17/03/2022 90% of the works was completed and remaining works to be completed within 45 days from the submission of the above letter. The follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/341 dated 14/02/2023 and vide No.OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/717 of 29/11/2023 were served.

5.3 UNDERUTILIZATION OF PROPERTIES - NU. 2.072 MILLION

The Dzongkhag Administration, Samdrupjongkhar had failed to make use of the Backhoe loader provided by the Ministry of Agriculture and Forests during the FY 2017-2018. The Backhoe loader deployed under Gomdar Gewog for the monsoon restoration works remained off-road for 212 days eliciting a financial implication of Nu. 2.072 million. (AIN: 16514; OB No.: 2; Accountabilities: Direct: Chorten Gyeltshen, DAO, EID No.950701; Supervisory: Tharchin Lhendup, Dzongda, EID No. 18709022).

Status: *Observation Not Settled.*

As per letter No. SDA/IAU-03/2020-2021/1506 dated 19/10/2020, the Backhoe Loader which was left idle for 3-4 months due to resignation of driver was hired by Gomdar Gewog but unfortunately, after 2-3 weeks of work execution (clearing farm road blockages) the machine broke down. It was stated that the dynamo was burnt. Accordingly, the Gewog handed over the damaged dynamo to ADAO whereby the office consulted CMU, Bumthang, Lhawang Yugyel Construction and Druk Trading but could not get the Dynamo. Later work order was placed to Druk Trading Centre to supply the dynamo with the sample photograph but till now the supplier could not supply the item.

The follow-up reminders vide letters No. OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/341 dated 14/02/2023 and vide No.OAAGSJ/FOLLOW-UP-01)Dz-SJONGKHAR/2022-2023/717 of 29/11/2023 were served.

3.2.9 TRASHIYANGTSE DZONGKHAG

The significant unresolved irregularities amounting to Nu. 22.845 million against Trashiyangtse Dzongkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dzongkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled irregularities of Nu.22.002 million reported to the Parliament in April 2023, Nu.13.091 million was settled, leaving Nu. 8.911 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	9.911	9.911	-	100
4	Non-Compliance to laws and rules	3.597	3.180	0.417	88
5	Shortfalls, lapses and deficiencies	8.494	-	8.494	-
	Total	22.002	13.091	8.911	59

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities settled thereafter and unresolved balances as of 29 February 2024 are as discussed below.

3. MISMANAGEMENT – NU.9.911 MILLION

The case of mismanagement involving Nu. 9.911 million is as indicated below:

3.1 UNDERUTILIZATION OF MATERIALS – NU. 9.911 MILLION

The Dzongkhag Administration, Trashiyangtse had not utilized 732 numbers of D.I pipes procured for water supply works at Nu. 9.911 million. Due to the change in alignment, D.I pipes were rendered excess and as things currently stand, the Dzongkhag Administration had not prepared any utilization plan resulting to underutilization of materials. (AIN: 16427; OB No.:1.2; Direct Accountabilities: Jigme Tshewang, Municipal Engineer, EID No. 201101167; Supervisory: Rinchen Leydra, Municipal Engineer, EID No. 9907022)

Status: Observation Settled.

As per the letter No. Nil dated 29/03/2022, 732 numbers of DI pipe are still with the Dzongkhag Administration and could not be utilized or disposed.

However, the para was considered resolved during the virtual meeting held on 07.07.2023 between OAAGSJ and Dzongkhag Administration, Trashiyangtse

4. NON-COMPLIANCE TO LAWS AND RULES – NU.0.417 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.417 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Short recovery of liquidated damages	0.417	-	0.417
4.2	Execution of substandard works	3.180	3.180	-
Total		3.597	3.180	0.417

4.1 SHORT RECOVERY OF LIQUIDATED DAMAGES – NU. 0.417 MILLION

The Dzongkhag Administration, Trashiyangtse had short-recovered liquidated damages amounting to Nu. 0.417 million from M/s Tak Sing Chung Druk Construction, Wangduephodrang in the construction of water supply at Khitsang New Township, Doksum. The construction was supposed to be completed by 25 April 2016, but was completed only on 9 August 2018 after a substantial delay of 835 days. The applicable liquidated damages for the delays amounted to Nu. 4.142 million, against which only Nu. 3.725 million was recovered leaving a balance of Nu. 0.417 million. (AIN: 16427; OB No.:1.1; Direct Accountabilities: Ugyen Zangmo, Assistant Engineer, EID No.200507220; M/s Tak Sing Chung Druk Construction, CDB No. 1748; Supervisory: Tshering Wangchuk, District Engineer, EID No.11510002065)

Status: Observation Not Settled.

The Dzongkhag Administration informed the proprietor vide letter No. Yangdzong/Zorig 05)/2019-2020/048 dated 06/07/2021 to deposit the LD amount. However, the proprietor failed to deposit the amount. To this, a repetitive follow-up reminders vide No.OAAGSJ/Follow-up-04)Dz-Tyangste/2022-2023/313 dated 30/01/2023 and vide letter No.OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023 were issued.

As of 29 February 2024, the observation remains unsettled.

4.2 EXECUTION OF SUBSTANDRD WORKS - NU. 3.180 MILLION

The Dzongkhag Administration, Trashiyangtse had not maintained standards in the construction of Gangkhar to Rabtey farm road executed by M/s Zamkhar Construction Pvt. Ltd., Gelephu. A stretch of 2.650 kms farm roads had steep gradient and narrow width in contravention to the required standard. (AIN: 16427; OB No.:2.1; Direct Accountabilities: Damodar Adhikari, Assistant Engineer, EID No. 20130101893; M/s Zamkhar Construction Pvt. Ltd., Gelephu, CDB No. 7846; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065)

Status: Observation Settled.

The Dzongkhag Administration vide letter No. Nil dated 29/03/2022 informed that the rectification of the non-achievement of width of the farm road is ongoing and a comprehensive report on the same shall be submitted to RAA once the work is completed.

Based on ATR received letter No. Yangdzong/Zorig(15)2022-2023/3402 dated 17/04/2023 and administrative action taken vide letter No. SD/Zheyog-06/2022-2023/293 dated 07/08/2023, the observation was considered settled.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 8.494 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 8.494 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/ Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess interim bill payments to contractor	6.397	-	6.397
5.2	Non-realization of 20% penalty upon termination of contract	2.097	-	2.097
	Total	8.494	-	8.494

5.1 EXCESS INTERIM BILL PAYMENTS TO CONTRACTOR - NU. 6.397 MILLION

The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu. 6.397 million to M/s Tak Sing Chung Druk Construction, Wangdiphodrang in the construction of flood protection works under Bumdeling Gewog. The lapses had occurred due to release of excess payments in 1st Running Account Bill amounting to Nu.17.011 million as against actual work done value of Nu. 10.614 million indicating undue financial favour to the contractor. (AIN: 16427; OB No.:4.1; Direct Accountabilities: Tshering Penjor, Assistant Engineer, EID No. 201101221; M/s Tak Sing Chung Druk Construction, CDB No. 1748; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065)

Status: Observation Not Settled.

As intimated by the Dzongkhag vide letter No. Nil dated 29/03/2022, the recoverable amount for the flood protection works including 20% penalty upon termination of contract (Ob. No. 4.2) amounted to Nu. 32,47,659.57 which was endorsed and approved by DTC, Dzongkhag Administration, Trashy Yangtse vide letter No. Yangdzong/Zorig(15)2020-2021/777 of 15/10/2020.

To this, repeatative follow-up reminder letters vide No.OAAGSJ/Follow-up-04)Dz-Tyangste/2022-2023/313 dated 30/01/2023 and vide OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023 were served. As of 29 February 2024, no ATR response received and the para remained unresolved.

5.2 NON-REALIZATION OF 20% PENALTY UPON TERMINATION OF CONTRACT - NU. 2.097 MILLION

The Dzongkhag Administration, Trashiyangtse had not recovered 20% penalty on the value of incomplete works amounting to Nu. 2.097 million upon termination of contract of M/s Tak Sing Chung Druk Construction, Wangdiphodrang in the construction of flood protection works under Bumdeling Gewog. The Dzongkhag Administration had terminated the contract on the grounds of fundamental breach of contract by the contractor. (AIN: 16427; OB No.:4.2; Direct Accountabilities: Mani Wangdi, Assistant Engineer, EID No. 20150105088; M/s Tak Sing Chung Druk Construction, CDB No. 1748; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065)

Status: Observation Not Settled.

As intimated by the Dzongkhag vide letter No. Nil dated 29/03/2022, the recoverable amount for the flood protection works including 20% penalty upon termination of contract (Ob. No. 4.2) amounted to Nu. 32,47,659.57 which was endorsed and approved by DTC, Dzongkhag Administration, Trashy Yangtse vide letter No. Yangdzong/Zorig(15)2020-2021/777 of 15/10/2020.

To this, repeatative follow-up reminder letters vide No.OAAGSJ/Follow-up-04)Dz-Tyangste/2022-2023/313 dated 30/01/2023 and vide OAAGSJ/FOLLOW-UP-04/Dz-TYANGTSE/2023-2024/718 dated 01/12/2023 were served. As of 29 February 2024, no ATR response received and the para remain unresolved.

3.3 DUNGKHAG ADMINISTRATIONS

3.3.1 DUNGKHAGS UNDER SAMTSE DZONGKHAGS

I. DOROKHA DUNGKHAG

The significant unresolved irregularities amounting to Nu.3.949 million against Dorokha Dungkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dungkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled irregularities of Nu.0.389 million reported to the Parliament in April 2023, Nu.0.132 was settled leaving a balance of Nu.0.257 unresolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.389	0.132	0.257	33.93
	Total	0.389	0.132	0.257	33.93

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.257 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.257 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.3	Non-reconciliation of funds	0.389	0.132	0.257
	Total	0.389	0.132	0.257

5.3 NON-RECONCILIATION OF FUNDS - NU. 0.257 MILLION

The Dungkhag Administration, Dorokha had un-reconciled balances from non-revenue and refundable deposit accounts aggregating to Nu. 0.389 million for the financial year 2017-2018. The lapses had occurred due to non-conduct of periodic reconciliation of non-revenue deposit and the refundable deposit accounts. (AIN: 16794; OB No.:1.6; Accountabilities: Direct: Singye, Accounts Assistant, EID No. 201107025; Supervisory: Karma Jurmi, Drungpa, EID No. 9208031)

Status: Observation Not Settled.

Nu.132,424.00 was adjusted vide letter no. RAA/OAAG-Pling/FUS/Dop-Drung-B3/2021/661 dated 04.03.2021 leaving a balance of Nu.388,831.00.

However, the balance amount of Nu.388,831.00 still stands recoverable as of date despite a follow-up reminder vide RAA/OAAG-Pling/doro-drung-B3/2023/481 dated. 22.08.2023 was served.

II. TASHICHOLING DUNGKHAG

The significant unresolved irregularities amounting to Nu.11.894 million against Tashichholing Dungkhag reported in the 5th Session of the third Parliament in June 2023.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dungkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled irregularities of Nu.10.424 million reported to the Parliament in April 2023, Nu.6.869 million was settled leaving a balance of Nu.3.555 as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.137	-	0.137	-
5	Shortfalls, lapses and deficiencies	10.287	6.869	3.418	66.77
	Total	10.424	6.869	3.555	65.90

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU.0.137 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.137 million is as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.2	Acceptance of defective work	0.137	-	0.137
	Total	0.137	-	0.137

4.2 ACCEPTANCE OF DEFECTIVE WORK – NU. 0.137 MILLION

The Dungkhag Administration, Tashicholing had accepted defective works in the construction of Gola water supply executed by M/s Sipsu Construction, Sipsu. The barbed wiring fencing constructed at a cost of Nu. 0.137 million was damaged by retaining wall construction. The lapse had occurred mainly due to inadequate monitoring and supervision. (AIN: 16855; OB No.:4.8; Direct Accountabilities: Aiman Limbu, AE, EID No. 20120100114; Supervisory: Birendra Giri, Engineer, EID No. 9907152)

Status: *Observation Not Settled.*

The follow up reminder vide letter No.RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated.20.09.2023 was served. A rectification report duly endorsed by the Dungkhag Tender Committee is yet to be furnished as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.418 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.418 million is as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess payment	3.352	0.014	3.338
5.2	Shortages of materials	0.080	-	0.080
5.3	Inadmissible payment of vacation salary	0.239	0.239	-
5.4	Inadmissible payment of allowances	6.616	6.616	-
	Total	10.287	6.869	3.418

5.1 EXCESS PAYMENT - NU. 3.338 MILLION

The Dungkhag Administration, Tashicholing had made excess payments for various construction works as follows:

- a) Excess of Nu. 0.119 million was made to M/s Sangay Construction, Haa in the construction of 2-Block 6-units class room at Tendruk CS. Further, the Dungkhag Administration had not levied liquidated damages amounting to Nu. 1.369 million. The excess payment occurred due to difference in quantities of work actually executed at site and quantities paid for. (AIN: 16855; OB No.:1.1; Accountabilities: Direct: Changa Dorji, JE, EID No. 200508182; Dophu Dukpa, AE, EID No. 201101206; M/s Sangay Construction, CDB No. 2298; Supervisory: Birendra Giri, Dungkhag Engineer, EID No. 9907152)

Status: *Observation Not Settled.*

Excess payment of Nu.0.119 million was deposited with the RAA vide receipt No.01882 dated 14/03/2022. However, the liquidated damages amounting to Nu. 1.369 million stands recoverable as of 29 February 2024. The case has been forwarded to ACC.

- b) Nu. 1.615 million to M/s Sipsu Construction, Sipsu for laying of DI pipes. Nu. 3.230 million booked as transportation charges of 646 numbers of DI pipes against the actual payable amount of Nu. 1.615 million. *(AIN: 16855; OB No.:4.1; Direct Accountabilities: Dil Bahadur Ghalley, JE, EID No. 200508151; M/s Sipsu Construction, CDB No. 5225; Supervisory: Pema Wangchen, Dy.EE, EID No. 8901048)*

Status: *Observation Not Settled.*

The latest follow up reminder vide RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated 20.09.2023 served and Nu. 1.615 million stands recoverable as of 29 February 2024.

- c) An excess payment of Nu. 0.145 million to M/s Sipsu Construction, Sipsu for transportation of 28 numbers of 150 mm DI pipes. The contractor had not executed the work at site. *(AIN: 16855; OB No.:4.2; Direct Accountabilities: Dil Bahadur Ghalley, JE, EID No. 200508151; M/s Sipsu Construction, CDB No. 5225; Supervisory: Pema Wangchen, Dy.EE, EID No. 8901048)*

Status: *Observation Not Settled.*

The latest follow up reminder vide RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated 20.09.2023 served and Nu. 0.145 million stands recoverable as of 29 February 2024.

- d) Nu. 0.156 million to community contractors in the construction of Chorten at different locations under Tashicholing Dungkhag. The excess payments had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site. *(AIN: 16855; OB No.:7; Direct Accountabilities: Aiman Limbu, AE, EID No. 20120100114; Supervisory: Birendra Giri, Engineer, EID No. 9907152)*

Status: *Observation Not Settled.*

The latest follow up reminder vide RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated 20.09.2023 served and Nu. 0.156 million stands recoverable as of 29 February 2024.

- e) An excess payment of Nu. 0.067 million to M/s Tshoyang Construction in the construction of 3-units BHU-II Staff quarter under Norgaygang Gewog. The excess payment occurred due to difference in quantities of work actually executed at site and quantities paid for. *(AIN: 16855; OB No.:10; Direct Accountabilities: B B Gurung,*

AE, EID No. 200908130; Dophu Dukpa, AE, EID No. 201101206; M/s Tshoyang Construction, CDB No. 3537; Supervisory: Birendra Giri, Engineer, EID No. 9907152)

Status: *Observation Not Settled.*

A sum of Nu.13,852.11 deposited vide receipt no. 01720 dated. 16.10.2023. However, a balance of Nu.59,227.12 along with 24% penalty interest stands recoverable as of 29 February 2024.

5.2 SHORTAGES OF MATERIALS – NU. 0.080

The Dungkhag Administration, Tashicholing had shortages of plumbing materials/accessories valuing Nu. 0.080 million purchased for Gola water supply project. There were differences in the stock balance as per the inventory register maintained and physical verification. *(AIN: 16855; OB No.:4.6; Direct Accountabilities: Aiman Limbu, AE, EID No. 20120100114; Supervisory: Pema Wangchen, Dy.EE, EID No. 8901048)*

Status: *Observation Not Settled.*

Nu.0.080 million and the accumulated 24% penalty interest stands recoverable as of the date despite sending reminder vide letter No, RAA/OAAG-Pling/Sip-Drung-B2/2023/470 dated. 20.09.2023.

5.3 INADMISSIBLE PAYMENT OF VACATION SALARY - NU. 0.239 MILLION

The Dungkhag Administration, Tashicholing had made inadmissible payment of Nu. 0.239 million on account of vacation pay. Teachers were paid vacation pay for rendering less than three months of service in an academic year. The inadmissible payment of vacation pay pertained to the FYs 2017-2018 and 2018-2109. *(AIN: 16855; OB No.:12; Direct Accountabilities: Babita Giri, HR Assistant, EID No. 8610053; Supervisory: Babita Giri, HR Assistant, EID No. 8610053)*

Status: *Observation Settled.*

The observation was considered settled based on the letter no. DAT/HR-14/2022-23/711 dated 09.5.23 and RCSC's clarification vide letter no.RCSC/LD-67/2020/1144 dated. 23.11.2020.

5.4 INADMISSIBLE PAYMENT OF ALLOWANCES - NU. 6.616 MILLION

The Dungkhag Administration, Tashicholing had made inadmissible payment of Nu. 6.616 million on account of teaching allowances. Teaching allowances were paid for winter and summer vacation for rendering services less than required numbers of months. The inadmissible payment pertained from January 2018 to January 2020. *(AIN:*

16855; OB No.:13; Direct Accountabilities: Babita Giri, HR Assistant, EID No. 8610053; Supervisory: Babita Giri, HR Assistant, EID No. 8610053)

Status: Observation Settled.

The observation was considered settled based on the letter no. DAT/HR-14/2022-23/711 dated 09.5.23 and RCSC's clarification vide letter no.RCSC/LD-67/2020/1144 dated. 23.11.2020.

3.3.3 DUNGKHAGS UNDER PEMAGATSHEL DZONGKHAG

I NGANGLAM DUNGKHAG

The significant unresolved irregularities amounting to Nu.16.805 million against Nganglam Dungkhag reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Dungkhag and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.8.500 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	4.955	-	4.955	-
4	Non-Compliance to laws and rules	0.118	-	0.118	-
5	Shortfalls, lapses and deficiencies	3.427	-	3.427	-
Total		8.500	-	8.500	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

3. MISMANAGEMENT – NU. 4.955 MILLION

The cases of mismanagement involving Nu. 4.955 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
3.2	Unauthorised diversion of fund	4.798	-	4.798
3.3	Cost escalation due to change in scope of work	0.157	-	0.157
Total		4.955	-	4.955

3.2 UNAUTHORISED DIVERSION OF FUND - NU. 4.798 MILLION

The Dungkhag Administration, Nganglam had diverted fund of Nu. 4.798 million from the construction of Integrated Check Post at Nganglam to construction of bypass road at Rinchenthang. The diversion of fund had misrepresented expenditure in the financial statements under budget head - construction of Integrated Check Post. The lapses have occurred due to non-adherence to the FRR 2016. (AIN: 16640; OB No.:1.2; Direct Accountabilities: Yeezer, Finance Officer, EID No. 200901068; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DANGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DANGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

3.3 COST ESCALATION DUE TO CHANGE IN SCOPE OF WORK - NU. 0.157 MILLION

The Dungkhag Administration, Nganglam incurred financial implication of Nu. 0.157 million in the construction of Integrated Check Post at Nganglam executed by M/s Samphel Drukpa Construction Pvt. Limited. The change in scope of work from bitumen to rigid pavement were done without obtaining approval of the tender committee with resultant cost escalation. (AIN: 16640; OB No.:1.9; Direct Accountabilities: Samten Choeda, Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DANGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DANGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 0.118 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.118 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.2	Acceptance of Defective works	-	-	Unsettled

4.3	Acceptance of substandard works	0.118	-	0.118
	Total	0.118	-	0.118

4.2 ACCEPTANCE OF DEFECTIVE WORKS

The Dungkhag Administration, Nganglam had accepted defective works in the construction of Integrated Check Post at Nganglam executed by M/s Samphel Drukpa Construction Pvt. Limited. Cracks were seen to have developed at flooring, outer wall and at the rear side in RCC cornices indicating execution of substandard works. (AIN: 16640; OB No.:1.10; Direct Accountabilities: Samten Choeda, Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DA-NGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DA-NGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

4.3 ACCEPTANCE OF SUBSTANDARD WORKS - NU. 0.118 MILLION

The Dungkhag Administration, Nganglam had accepted substandard quality of RRM walls valuing Nu. 0.118 million in the construction of Integrated Check Post at Nganglam executed by M/s Samphel Drukpa Construction Pvt. Limited. (AIN: 16640; OB No.:1.11; Direct Accountabilities: Samten Choeda, Engineer, EID No. 9812001; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DA-NGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DA-NGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.427 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.427 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess payment	0.798	-	0798

5.3	Unreconciled differences in final work done	2.629	-	2.629
	Total	3.427	-	3.427

5.1 EXCESS PAYMENT - NU. 0.798 MILLION

- a) The Dungkhag Administration, Nganglam had made excess payment of Nu. 0.283 million to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The excess payment occurred due to the differences in quantification of TMT in RCC works. (AIN: 16640; OB No.:1.3; Direct Accountabilities: Samten Choeda, Site Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DA-NGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DA-NGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

- b) The Dungkhag Administration, Nganglam had made double payment of Nu. 0.410 million to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made for black topping works. (AIN: 16640; OB No.:1.4; Direct Accountabilities: Sonam Jamtsho, DE, EID No. 201001181; Samten Choeda, Site Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DA-NGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DA-NGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

- c) The Dungkhag Administration, Nganglam had made excess payment of Nu. 0.105 million to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made for foundation works. (AIN: 16640; OB No.:1.5; Direct Accountabilities: Samten Choeda, Site Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DA-NGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DA-NGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

5.3 UNRECONCILED DIFFERENCES IN FINAL WORK DONE - NU. 2.629 MILLION

The Dungkhag Administration, Nganglam had unreconciled differences in final work done value amounting to Nu. 2.629 million in the construction of Integrated Check Post at Nganglam. Differences were noted in work done values computed by the joint verification team and the site engineer. (AIN: 16640; OB No.:1.8; Direct Accountabilities: Sonam Jamtsho, DE, EID. No. 201001181; Samten Choeda, Engineer, EID No. 9812001; Tshewang Jurmi, AE, EID No. 200807184; Kunzang Wangchuk, AE, EID No. 20180111250; Tshelthrim, AE, EID No. 201801181; Supervisory: Sherub Zangpo, Dungpa, EID No. 200401075)

Status: Observation Not Settled.

The repetitive follow-up reminders vide letter No. OAAGSJ/FOLLOW-UP-02)DA-NGANGLAM/2022-2023/364 dated 02/03/202 and OAAGSJ/FOLLOW-UP-02/DA-NGANGLAM/2023-2024/712 dated 28/11/2023 were served. However, no response was received and the observation remains unsettled as of 29 February 2024.

3.4 GEWOG ADMINISTRATIONS

3.4.1 GEWOGS UNDER BUMTHANG DZONGKHAGS

I. CHHOEKHOR GEWOG

The significant unresolved irregularities amounting to Nu.1.490 million against Chhoekhor Gewog reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.1.490 million reported to the Parliament in April 2023, remained unresolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.162		0.162	-
5	Shortfalls, lapses and deficiencies	1.328	-	1.328	-
	Total	1.490	-	1.490	-

The details of irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

3. MISMANAGEMENT

The case of mismanagement involving Nu. 0.162 million is as indicated below:

3.1 NON-DEPOSIT OF SERVICE CHARGES – NU. 0.162 MILLION

The Gewog Administration, Chhoekhor had not deposited service charges collected from cordyceps auction amounting to Nu. 0.162 million into CD account. *(AIN: 16903; OB No.: 2.6; Accountabilities: Direct: Pema Doengyal, Gup, CID No. 10101004727; Supervisory: Pema Doengyal, Gup, CID No. 10101004727)*

Status: *Observation Not Settled.*

The repetitive follow up reminders vide letter No.RAA/BT/Fus-01/2021/511 dated 15/04/2021 and RAA-BT/Fus-03/2023/123 dated 20/11/2023 were served. However, the observation remains unresolved as of 29 February 2024.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.328 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.328 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Balance as of 29 Feb. 2023
5.1	Non-refund of excess permit fee collection	0.411	-	0.411
5.2	Payment for works not executed	0.917	-	0.917
	Total	1.328	-	1.328

5.1 NON-REFUND OF EXCESS PERMIT FEE COLLECTION - NU. 0.411 MILLION

The Gewog Administration, Chhoekhor had made excess collection of permit fee amounting to Nu. 0.411 million. The collection fee of Nu. 910 per cordyceps collector was

applied instead of prescribed rate of Nu. 610 which resulted into excess collection. The excess permit fee collected were not refunded to individuals. (AIN: 16903; OB No.:2.2; Accountabilities: Direct: Pema Doengyal, Gup, CID No. 10101004727; Supervisory: Pema Doengyal, Gup, CID No. 10101004727)

Status: Observation Not Settled.

Despite the follow-up reminder issued vide letter No. RAA/BT/Fus-01/2021/511 dated April 15, 2021, and the joint decision made during the subsequent review meeting held on August 25, 2023, granting a timeline until September 30, 2023, to address the issues, no Action Taken Report (ATR) responses have been received to date. Consequently, the case has been forwarded to court as per notification No. RAA-BT/Fus-03/2023/123 dated November 20, 2023.

5.2 PAYMENT FOR WORKS NOT EXECUTED NU.0.917 MILLION

The Gewog Administration, Chhoekhor had made excess payment of Nu. 0.917 million in the construction of farm road from Ngalhakhang to Kargang under Chhoekhor Gewog executed by community contractor. The excess payment had occurred due to payment for unexecuted works of providing and laying of hand packed stone soling, edging, hume pipe and excavation over areas at site. (AIN: 16903; OB No.:1; Accountabilities: Direct: Pema Doengyal, Gup, CID No. 10101004727; Chhimi Tenzin, Engineer, EID No. 970751; Supervisory: Pema Doengyal, Gup, CID No. 10101004727)

Status: Observation Not Settled.

Despite the follow-up reminder issued vide letter No. RAA/BT/Fus-01/2021/511 dated April 15, 2021, and the joint decision made during the subsequent review meeting held on August 25, 2023, granting a timeline until September 30, 2023, to address the issues, no Action Taken Report (ATR) responses have been received to date. Consequently, the case has been forwarded to court as per notification No. RAA-BT/Fus-03/2023/123 dated November 20, 2023.

3.4.2 GEWOGS UNDER DAGANA DZONGKHAG

III. KARNA GEWOG

The significant unresolved irregularities amounting to Nu.0.791 million against Karna Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.791 million reported to the Parliament in April 2023. remained unresolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as of 31 March 2023 (Nu.M)	Settled/Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.791	0.791	-	100
	Total	0.791	0.791	-	100

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.791 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.791 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Non-submission of details on procurement of HDPE Pipes	0.359	0.359	-
4.2	Deficiencies in refundable deposit account	0.432	0.432	-
	Total	0.791	0.791	-

4.1

NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU.0.359 MILLION

The Gewog Administration, Karna had not submitted the details on the procurement of HDPE pipes for the construction of irrigation channel. The Gewog Administration had procured HDPE pipes from M/s K. Norkhel Enterprise, Thimphu amounting to Nu. 0.359 million for which the details of procurement were not endorsed to DNP as required thereby forgoing the rebate. (AIN: 16465; OB No.:1; Accountabilities: Direct: Lhawang Dorji, Gup, CID No. 10305001625; Supervisory: Lhawang Dorji, Gup, CID No. 10305001625)

Status: Observation Settled.

The observation was considered settled during the Hon'ble Auditor General's Advocacy and Review Meeting of Dagana Dzongkhag held on 13 July 2023. Accordingly, the Follow up Report was issued vide letter No. RAA/OAAG(T)FUS-02/2022-2023/0056 dated 26 July 2023.

4.2 DEFICIENCIES IN REFUNDABLE DEPOSIT ACCOUNT - NU. 0.432 MILLION

The Gewog Administration, Karna had made less payment of Nu. 0.126 million from the refundable deposit account. On a related note, the Gewog Administration had made excess deposit of Nu.0.306 million in refundable deposit account. The deficiencies in refundable deposit account pertained to the FY 2017-2018. (AIN: 16465; OB No.:2; Accountabilities: Direct: Yeshe Jamtsho, Accounts Assistant, EID No. 200907013; Supervisory: Lhawang Dorji, Gup, CID No. 10305001625)

Status: Observation Settled.

The observation was considered settled during the Hon'ble Auditor General's Advocacy and Review Meeting of Dagana Dzongkhag held on 13 July 2023. Accordingly, the Follow up Report was issued vide letter No. RAA/OAAG(T)FUS-02/2022-2023/0056 dated 26 July 2023.

V. TSHANGKHA GEWOG

The significant unresolved irregularities amounting to Nu.1.007 million against Tshangkha Gewog reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. An irregularities of Nu.0.723 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as of 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.723	0.723	-	100
	Total	0.723	0.723	-	100

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities settled thereafter and the balance as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.723 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.723 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
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4.1	Payment of refundable deposit without obtaining release	0.445	0.445	-
4.2	Non-levy of liquidated damages	0.278	0.278	-
	Total	0.723	0.723	-

4.1 PAYMENT OF REFUNDABLE DEPOSIT ACCOUNT WITHOUT OBTAINING RELEASE - NU. 0.445 MILLION

The Gewog Administration, Tshangkha had refunded Nu. 0.445 million to the contractors from the budgetary releases instead of obtaining equivalent Refundable Release from DPA and settling the accounts. (AIN: 16467; OB No.:1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Tawla, Gup, CID No. 10311001687)

Status: Observation Settled.

The observation was considered settled during the Hon'ble Auditor General's Advocacy and Review Meeting of Dagana Dzongkhag held on 13 July 2023. Accordingly, the Follow up Report issued vide letter No. RAA/OAAG(T)FUS-02/2022-2023/0056 dated 26 July 2023.

4.2 NON-LEVY OF LIQUIDATED DAMAGES - NU. 0.278 MILLION

The Gewog Administration, Tshangkha had not levied liquidated damages amounting to Nu. 0.562 million for delay of 89 days in the construction of Farm Road at Salamji from M/s Dhoendup Construction, Thimphu. The works scheduled to be completed by 11 December 2017 were completed only on 31 May 2018 after the lapse of three months. (AIN: 16467; OB No.:2; Accountabilities: Direct: Sonam Tobgay, Engineer, EID No. 20170107883; Supervisory: Tawla, Gup, CID No. 10311001687)

Status: Observation Settled.

The amount of Nu. 471,436.59 (including penal interest) deposited into ARA vide receipt No. A00713 dated 27/04/2023 and documents reviewed and verified by the audit team, the observation was considered settled. Follow up Report issued vide letter No. RAA/OAAG(T)/AR/(DA-Dagana-01)/2022-23/0375 dated 04 June 2023

3.4.3 GEWOGS UNDER GASA DZONGKHAG

I. LUNANA GEWOG

The significant unresolved irregularities amounting to Nu.0.182 million against Lunana Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.087 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.087	-	0.087	-
	Total	0.087	-	0.087	-

The details of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.087 MILLION

The cases of shortfalls, lapses and deficiencies amounting to Nu. 0.087 million is as indicated below:

5.2 EXCESS PAYMENT - NU. 0.087 MILLION

The Gewog Administration, Lunana had made excess payment of Nu. 0.087 million to community contractor in the maintenance of Gewog office at Thango. The excess payment had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site for providing and fixing roof frames and CGI sheets. (AIN: 16472; OB No.:1.1; Accountabilities: Direct: Kinley Choki, GAO, EID No. 20170809759; Supervisory: Kaka, Gup, CID No. 10404000432)

Status: Observation Not Settled.

A follow-up reminder vide letter No, RAA/FUCD(Q3-3)Lunana-Gasa/2022/1166 dated 14/07/2022 was issued. However, the observation remained unsettled as of 29 February 2024.

3.4.6 GEWOGS UNDER PARO DZONGKHAG

II. LAMGONG GEWOG

The significant unresolved irregularities amounting to Nu.0.278 million against Lamgong Gewog reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the irregularities of Nu. 0.278 million reported to the Parliament in April 2023, Nu.0.228 million was settled, leaving a balance Nu.0.050 million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.278	0.228	0.050	82
	Total	0.278	0.228	0.050	82

The details of irregularities reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.050 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.050 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Mismatched withdrawal amounts in cash book and bank statement	0.228	0.228	-
4.2	Non-submission of details on procurement of HDPE pipes	0.050	-	0.050
	Total	0.278	0.228	0.050

4.1 MISMATCHED WITHDRAWAL AMOUNTS IN CASH BOOK AND BANK STATEMENT - NU. 0.228 MILLION

The Gewog Administration, Lamgong had mismatched amounts of withdrawals between the bank statement and cashbook aggregating to Nu. 0.228 Million for the period 1 July 2017 to 28 February 2018. There was no equal and corresponding amount in cash book accounted for as against the amount withdrawn from the bank with resultant mismatch. *(AIN: 16699; OB No.:3; Accountabilities: Direct: Pema Deki, Accounts Assistant, EID No. 200807269; Supervisory: Gem Tshering, Gup, CID No. 10805001697)*

Status: Observation Settled.

Given relevant documents provided for the issues reflected from Sl. No. 1 to 5 of the table and Nu.26,545.74 deposited vide Rt.No.02908 dated 8/2/2023 inclusive of penalty for Sl. No. 6 of the table, the observation was considered settled.

4.2 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU. 0.050 MILLION

The Gewog Administration, Lamgong had not submitted the details on the procurement of HDPE pipes for rural water supply and sanitation programme and irrigation channel. The Gewog Administration had procured HDPE pipes from M/s Muktsen Construction amounting to Nu. 0.762 million for which the details of procurement were not submitted to DNP as required thereby forgoing the rebate amount of Nu. 0.050 million. (AIN: 16699; OB No.:4; Accountabilities: Direct: Tshering Chenzom, GAO, EID No. 200805066; Supervisory: Gem Tshering, Gup, CID No. 10805001697)

Status: *Observation Not Settled.*

The Gewog Administration should recover the rebates from the concerned supplier and deposit them along with the applicable 24% penalty interest. Until such time that the applicable rebates and accumulated 24 % penalty amounts recovered, the para shall remain unresolved.

V. SHABA GEWOG

The significant unresolved irregularities amounting to Nu.1.498 million against Shaba Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled balance irregularities of Nu.1.318 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below:

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.719		0.719	-
5	Shortfalls, lapses and deficiencies	0.599	-	0.599	-
	Total	1.318	-	1.318	-

The details of unsettled irregularities reported to the Parliament in April 2023, irregularities settled thereafter and the balances as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.719 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.719 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Payment made for work not executed	0.219	-	0.219
4.2	Acceptance of Substandard works	0.500	-	0.500
	Total	0.719	-	0.719

4.1 PAYMENT FOR WORK NOT EXECUTED - NU. 0.219 MILLION

The Gewog Administration, Shaba had made payment of Nu. 0.399 million to M/s T.Y. Tshogyel Construction, in the construction of bailey bridge at Chorten Sabhu. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN: 16736; OB No.:1.1; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No.6239; Supervisory: Chencho Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)

Status: Observation Not Settled.

As per the remeasurement and the re-verification report dated 18/3/2021 provided by the audit team, the recoverable actual amount was revised from initial amount of Nu.398,589.46 to Nu. 219,830.08 as per the work done at site.

Therefore, the Gewog Administration should recover Nu. 219,830.08 along with applicable 24% penalty interest at the earliest to avoid unnecessary accumulation of penalty interest. Until such time, the observation shall remain unresolved.

4.2 ACCEPTANCE OF SUBSTANDARD WORKS - NU. 0.500 MILLION

The Gewog Administration, Shaba had accepted substandard works for providing and fixing sign board valuing Nu. 0.500 million in the construction of bailey bridge at Chorten Sabhu. The concrete block measuring 200mm x 200mm x 600mm and roofing were not provided for iron sign board. (AIN: 16736; OB No.:1.4; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No.6239; Supervisory: Chencho Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)

Status: Observation Not Settled.

The observation remained unresolved as of 29 February 2024 as the amount in question is not yet recovered. The amount should be recovered at the earliest along with 24% penalty.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.599 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.599 million are as indicated below:

5.1 EXCESS PAYMENT - NU. 0.599 MILLION

- a) The Gewog Administration, Shaba had made excess payment amounting to Nu. 0.532 million to M/s T.Y. Tshogyel Construction in the construction of bailey bridge at Chorten Sabhu. The excess payment had occurred due to difference in the actual work done at site as against the quantities claimed by the contractor for TMT bars in retaining walls for abutments. (AIN: 16736; OB No.:1.2; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No. 6239; Supervisory: Chenchu Gyeltshen, Gup, CID No. 10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)

Status: Observation Not Settled.

The excess payment of Nu.531,558.58 made to the contractor had not been recovered as of 29 February 2024.

Therefore, the Gewog Administration should recover the amount along with 24% penalty without any further delay to avoid unnecessary accumulation of penalty.

- b) The Gewog Administration, Shaba had made excess payment amounting to Nu. 0.067 million to M/s T.Y. Tshogyel Construction in the construction of Bailey Bridge at Chorten Sabhu. The lapse had occurred due to payment at inflated rate for providing and fixing steel bridge parts. (AIN: 16736; OB No.:1.3; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No. 6239; Supervisory: Chenchu Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No.9901228)

Status: Observation Not Settled.

The inflated amount of Nu.66,690.00 paid to the contractor had not been recovered as of 29 February 2024.

Therefore, the Gewog Administration should recover the amount along with 24% penalty without any further delay to avoid unnecessary accumulation of penalty.

VI. TSHENTO GEWOG

The significant unresolved irregularities amounting to Nu.17.983 million against Tshento Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the total irregularities of Nu.11.063 million reported to the Parliament in April 2023; irregularities of Nu.3.065 million was settled, leaving unsettled balance of Nu.7.998 million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	10.290	3.065	7.225	29.79
5	Shortfalls, lapses and deficiencies	0.773	-	0.773	-
	Total	11.063	3.065	7.998	27.70

The details of unsettled irregularities reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 7.225 MILLION

The cases of non-compliance to laws and rules involving Nu. 7.225 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.3	Variation in Bill of Quantities	3.065	3.065.00	-
4.4	Payment made for work less executed at site	-	-	-
4.5	Irregular adjustment of advance	7.225	-	7.225.00
	Total	10.290.00	3.065.00	7.225.00

4.3 VARIATION IN BILL OF QUANTITIES - NU. 3.065 MILLION

The Gewog Administration, Tshento had a variation of Nu. 3.065 million in the Bill of Quantities for the construction of farm road from Shana to Shingkharab executed by M/s JD Construction Pvt.Ltd., Thimphu at a cost of Nu. 6.500 million. The construction of RCC culvert was not executed at site and the variation for providing and laying of GSB was more than 20%. The lapses had occurred due to lack of due diligence, monitoring and supervision by the concern site engineer and supervising officer. (AIN: 16708; OB

No.:6.2; Accountabilities: Direct: Cheki Lengkong, Engineer, EID No.200901091; Supervisory: Dolay Tshering, Gup, CID No.10810000805)

Status: Observation Settled.

The Follow-up Review Meeting was held on August 3, 2023, at the DYT Hall of the Paro Dzongkhag, chaired by the Hon'ble Auditor General and attended by Dasho Dzongdag and representatives from the Dzongkhag Administration. During the meeting, the Gewog Administration, Tsento acknowledged an oversight on their part regarding the lack of approval from the competent authority for variations in the Bill of Quantities (BoQ) items.

In response, the Gewog Administration was directed to provide documentation of approval from the Dzongkhag Tender Committee for the deviation. Failure to produce such approval would lead to the recovery of the deviation amount, exceeding the permissible limit of 20% (Nu.1,864,898/-), along with a 24% penalty.

Subsequently, the Tsento Gewog Administration submitted the Dzongkhag Tender Committee's approval vide letter No. Tsento/18/2019-2020/2332 dated 15 March 2020. Consequently, the observation was deemed resolved.

4.4 PAYMENT MADE FOR WORK LESS EXECUTED AT SITE - NU. 0.134 MILLION

The Gewog Administration, Tshento had made excess payment amounting to Nu. 0.134 million to the community contractor in the construction of irrigation channel from Phubchuna to Lapsathang. The lapses had occurred due to difference in quantities of work executed at site and paid for some items of works like; for providing and laying of HDPE pipes, hand packed stone soling and PCC work. (AIN: 16708; OB No.:7; Accountabilities: Direct: Kumar, Engineer, EID No.201101254; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

Status: Observation Not Settled.

The Follow-up Review Meeting was held on 3 August 2023 at the DYT Hall of the Paro Dzongkhag chaired by the Hon'ble Auditor General and attended by Dasho Dzongdag and the staff of the Dzongkhag Administration.

During the meeting, the Gewog Administration informed that the principal amount of Nu.0.134 million was deposited vide receipt No. A03025 dated 27/4/2021 and only the penalty of Nu.23,282.85 was not recovered from the contractor. Until such time the penalty of amount is recovered and deposited to ARA, the para shall remain unresolved.

4.5 IRREGULAR ADJUSTMENT OF ADVANCE - NU. 7.225 MILLION

The Gewog Administration, Tshento had made irregular booking of Nu. 7.225 million under closed work account without completion of the work pertaining to the construction of bailey bridge at Lemdo. The lapses had occurred due to non-adherence to the provisions of the FRR 2016. (AIN: 16708; OB No.:5; Accountabilities: Direct: Rinchen Tshering, Engineer, EID No. 200407007; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

Status: Observation Not Settled.

During the Follow-up Review Meeting held on 3 August 2023, it was informed that the case is still under Arbitration. The review meeting decided to wait for the decision of arbitration process. Until such time, the observation shall remain unresolved.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.0.773 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.773 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.2	Execution of substandard works	0.773	-	0.773
	Total	0.857	0.084	0.773

5.2 EXECUTION OF SUBSTANDARD WORKS - NU. 0.773 MILLION

The Gewog Administration, Tsento had accepted substandard works amounting to Nu. 0.773 million in the construction of farm road from Shana to Shingkharab. The V-shaped drain construction was totally worn out and damaged due to poor workmanship and execution and acceptance of substandard works. (AIN: 16708; OB No.:6.3; Accountabilities: Direct: Cheki Lengkong, Engineer, EID No.200901091; M/s Jigme Dorji Construction, CDB No. 1987; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

Status: Observation Not Settled.

During the Follow-up Review Meeting held on 3 August 2023, the Gewog Administration informed the RAA Team that the contractor refused to perform the required rectification works.

The Gewog Administration had accepted to furnish the rectification report along with photographic evidence for RAA verification. Until such rectification report is provided, the observation shall remain unresolved.

3.4.8 GEWOGS UNDER SAMTSE DZONGKHAG

I. PHUENTSHOPELRI GEWOG

The significant unresolved irregularities amounting to Nu.1.812 million against Phuentshopelri Gewog reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The unsettled balance irregularities of Nu.1.812 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below:

Ref. No.	Description of Ref. in brief	Irregularities reported as of 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.812	-	1.812	-
	Total	1.812	-	1.812	-

The details of unsettled irregularity reported to the Parliament in April 2023 which were not resolved as of as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.812 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.812 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess payment	0.741	-	0.741
5.2	Outstanding advance	1.071	-	1.071
	Total	1.812	-	1.812

5.1 EXCESS PAYMENT - NU. 0.741 MILLION

- a) The Gewog Administration, Phuentshopelri had made excess payment of Nu. 0.170 million towards hiring charges of machinery in the construction of Khanigoan farm road under Phuentshopelri Gewog. The excess payments had occurred due to payment for 1004 hours as against actual engagement of 941 hours. *(AIN: 16872; OB No.:1.1; Accountabilities: Direct: Biren Giri, Engineer, EID No. 9907152; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)*

Status: *Observation Not Settled.*

The follow up reminder vide RAA/OAAG-Pling/Phu-Gw-B10/2023/483 dated. 22.09.2023 was served in pursuit of ATR response. However, an amount of Nu. 0.170 million stands recoverable along with 24% pa penal interest as of date.

- b) The Gewog Administration, Phuentshopelri had made excess payment of Nu. 0.223 million towards hiring charges of machinery in the construction of Khanigoan farm road under Phuentshopelri Gewog. The excess payments had occurred due to payment of machine hour without deducting for lunch break, fitting and removal of bucket. (AIN: 16872; OB No.:1.2; Accountabilities: Direct: Biren Giri, Engineer, EID No. 9907152; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)

Status: Observation Not Settled.

The follow reminder vide vide RAA/OAAG-Pling/Phu-Gw-B10/2023/483 dated. 22.09.2023 was served in pursuit of ATR response. However, an amount of Nu. 0.223 million stands recoverable along with 24% pa penal interest as of date.

- c) The Gewog Administration, Phuentshopelri had made excess payment of Nu. 0.348 million towards hiring charges of machinery in the construction of Khanigoan farm road under Phuentshopelri Gewog. The excess payments had occurred due to application of higher rate than the quoted rate. The hourly rate for engaging the rock breaker machine was paid at Nu. 3,500.00 per hour against the quoted rate of Nu. 1,999.00 per hour. (AIN: 16872; OB No.:1.3; Accountabilities: Direct: Biren Giri, Engineer, EID No. 9907152; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)

Status: Observation Not Settled.

The follow reminder vide vide RAA/OAAG-Pling/Phu-Gw-B10/2023/483 dated. 22.09.2023 was served in pursuit of ATR response. However, an amount of Nu. 0.348 million stands recoverable along with 24% penal interest as of date.

5.2 OUTSTANDING ADVANCE - NU. 1.071 MILLION

- a) The Gewog Administration, Phuentshopelri had outstanding advances of Nu. 0.921 million against various parties and individuals as of 30 June 2019. The advances were sanctioned from Corporate Social Responsibility fund provided by PCAL. (AIN: 16872; OB No.:2; Accountabilities: Direct: Robat Lepcha, Gup, CID No. 11212003548; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)

Status: Observation Not Settled.

An amount of Nu. 0.921 million stands recoverable along with 24% penal interest as of date despite issuing the follow up reminder vide letter No.RAA/OAAG-Pling/Phu-Gw-B10/2023/483 dated 22.09.2023.

- b) The Gewog Administration, Phuentshopelri had not adjusted PW advances of Nu. 0.150 million against Sangay Penjor, GAO released for conducting waste management training. (AIN: 16872; OB No.:3; Accountabilities: Direct: Sangay Penjor, GAO, EID No. 200705045; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)

Status: Observation Not Settled.

An amount of Nu. 0.150 million stands recoverable along with 24% pa penal interest as of the date despite serving the follow reminder vide letter No. RAA/OAAG-Pling/Phu-Gw-B10/2023/483 dated. 22.09.2023.

II. DOPHOOGCHEN GEWOG

The significant unresolved irregularities amounting to Nu.0.942 million against Dophoogchen Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The total irregular amount settled, however, one observation which remained unsettled as the accumulated 24% penal interest is now considered as settled as of 29 February 2024 based on the decision of the 81st Advisory Committee Meeting as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	-	-		Settled
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies involving Nu. 0.942 million is as indicated below:

5.1 EXCESS PAYMENT - NU. 0.942 MILLION

- a) The Gewog Administration, Dophoogchen had made excess payment of Nu. 0.550 million to M/s Youzer 2011 Construction, Chukha in the Construction of RCC bridge along Sauray to Sangay farm road. The excess payment occurred due to differences

in quantities claimed by the contractor and actual quantities executed at site. (AIN: 16829; OB No.:1; Accountabilities: Direct: Tashi Tobgay, AE, EID No. 20130402087; M/s Youzer 2011 Construction, CDB No. 5819; Supervisory: Padam Bdr. Rai, Gup, CID No. 11206003012)

Status: Observation Settled.

Although the principal amount was deposited with the RAA vide receipt No.428973 dated 8/4/2021 and 01871 dated 01871 dated 18/11/2021, the accumulated 24% pa penal interest of Nu.0.030 million remained unsettled.

However, the 81st Advisory Committee Meeting held on 28.11.2023 decided to consider the observation settled since there is no other alternative for recovering the outstanding penalty amount due to demise of the contractor.

IV. SANGAGCHOLING GEWOG

The significant unresolved irregularities amounting to Nu.11.073 million against Sangagcholing Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The unsettled irregularities of Nu.10.736 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	0.838	-	0.838	-
5	Shortfalls, lapses and deficiencies	9.898	-	9.898	-
	Total	10.736	-	10.736	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

2. EMBEZZLEMENT – NU.0.838

The cases with elements of embezzlement involving Nu. 0.838 million is as indicated below:

2.1 SHORTAGES OF MATERIALS – NU. 0.838 MILLION

The Gewog Administration, Sangagcholing had shortages of HDPE pipes, sockets and flanges amounting to Nu. 0.838 million purchased for the construction of irrigation channels. The shortage could be attributed to poor custody of materials at site and non-maintenance of inventory register to indicate the receipts and subsequent issue of materials. (AIN: 16930; OB No.:1.2; Accountabilities: Direct: Sherab Zangpo, GAO, EID No. 200805067; Supervisory: Kalyan Pradhan, Gup, CID No. 11203004272)

Status: *Observation Not Settled.*

The amount of Nu.838,127.00 along with 24% penalty remained recoverable as of 29 February 2024 despite serving the follow up reminder vide letter No. RAA/OAAG-Pling/Sang-Gw-B12/2023/468 dated 20.09.2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 9.898 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 9.898 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Wasteful expenditure on irrigation channel	8.870	-	8.870
5.2	Excess payment	1.028	-	1.028
	Total	9.898	-	9.898

5.1 WASTEFUL EXPENDITURE ON IRRIGATION CHANNEL - NU. 8.870 MILLION

The Gewog Administration, Sangagcholing had spent Nu. 8.870 million for the construction of Jiti A&B and Tharphu irrigation channel through SDP and RGoB funding respectively. The materials were procured by the Gewog Administration and executed by community contractors. However, due to inadequate survey, wrong alignment and execution of substandard work, the construction of irrigation channel failed to meet its intended purpose and could not be utilized resulting in wasteful expenditure. (AIN: 16930; OB No.:1.1; Accountabilities: Direct: Tshering Phuntsho, Site Engineer, EID No. 20130402086; Supervisory: Sherab Zangpo, GAO, EID No. 200805067)

Status: *Observation Not Settled.*

A rectification report along with a pictorial evidences of the completion and handing taking report are yet to be furnished. To this, the follow up reminder vide RAA/OAAG-Pling/Sang-Gw-B12/2023/468 dated 20.09.2023 was served.

5.2 EXCESS PAYMENT- NU.1.028 MILLION

- a) The Gewog Administration, Sangagcholing had made excess payment of Nu. 0.313 million to the community contractor in the construction of irrigation channel at Tharphu. The excess payment occurred due to incorrect recording of the length of HDPE pipe in the measurement book against the actual quantity provided at site. (AIN: 16930; OB No.:1.3; Accountabilities: Direct: Kezang, Site Engineer, EID No. 200807187; Supervisory: Sherab Zangpo, GAO, EID No. 200805067)

Status: *Observation Not Settled.*

Out of the total amount of Nu.0.313 million; Nu.0.106 was deposited with the RAA vide receipt No. 01877 dated 10/12/2021 leaving a balance of Nu.207,203.00 along with 24% penalty. The recoverable amount is not recovered as of 29 February 2024 despite the follow-up reminder was issued vide letter No. RAA/OAAG-Pling/Sang-Gw-B12/2023/468 dated 20.09.2023.

- b) The Gewog Administration, Sangagcholing had made excess payment of Nu. 0.821 million to M/s K. Ngawang Construction in the construction of RCC T-Girder bridge at Sombek under Sangacholing Gewog. The excess payment had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site for RRM wall in substructure. (AIN: 16930; OB No.:2.1; Accountabilities: Direct: Tshering Phuntsho, Site Engineer, EID No. 20130402086; Supervisory: Kinzang Dorji, DE, EID No. 9807036)

Status: *Observation Not Settled.*

The amount of Nu.821,069.36 along with 24% penalty amount stands recoverable as of 29 February 2024 despite the follow up report was issued vide RAA/OAAG-Pling/Sang-Gw-B12/2023/468 dated 20.09.2023.

V. TADING GEWOG

The significant unresolved irregularities amounting to Nu.0.900 million against Tading Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The

unsettled irregularities of Nu.0.078 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.078	-	0.078	-
	Total	0.078	-	0.078	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU.0.078 MILLION

The case of non-compliance to laws and rules involving Nu. 0.078 million are as indicated below:

4.2	Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/ Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
	4.2	Non-levy of liquidated damages	0.078	-	0.078
		Total	0.078	-	0.078

NON-LEVY OF LIQUIDATED DAMAGES – NU. – 0.078 MILLION

The Gewog Administration, Tading had not levied liquidated damages amounting to Nu. 0.078 million for delay of 274 days in the construction of the dining hall at Taba Dramtoe LSS executed by community contractor. The applicable liquidated damages at 10% of the final contract price were not levied. (AIN: 16913; OB No.:2.1; Accountabilities: Direct: Dil Bdr. Ghalley, JE, EID No. 200508151; Chimmie Doya, Chairman, Community Contractor, CID No. 11215002288; Supervisory: Jagat Bdr. Ghalley, Gup, CID No. 11215001303)

Status: Observation Not Settled.

The amount of Nu. 78,400.00 million along with 24% penalty interest stands recoverable as of 29 February 2024 despite the follow up reminder was issued vide letter No. RAA/OAAG-Pling/FUS/Tad-Gewog/B15/2022/407 dated 25/10/2022.

VI. TENDRUK GEWOG

The significant unresolved irregularities amounting to Nu.1.310 million against Tendruk Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as

of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularity of Nu.0.634 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.634	0.634	-	100
	Total	0.634	0.634	-	100.00

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.634 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.634 million is as indicated below:

5.1 EXCESS PAYMENT- NU. 0.634 MILLION

The Gewog Administration, Tendruk had made excess payment of Nu. 0.634 million to M/s Deki Wangmo Tshongkhag due to application of rates higher than quoted rate for procurement of HDPE pipe flanges. The cost difference was computed based on the Dzongkhag annual quotation rate for 2018-2019 and the invoice price. *(AIN: 16915; OB No.:1.1; Accountabilities: Direct: Yonten Norbu, Engineer, EID No. 200507210; Supervisory: Nima Drukpa, Gup, CID No. 11216000379)*

Status: *Observation Settled.*

The observation was settled based on the justification provided that M/s Deki Wangmo Tshongkhag had the dealership certificate for HDPE pipes. Hence the para was considered as settled vide serving Follow up Report No. RAA/OAAG-Pling/Ten-GW/B16/2023/198 dated 19.4.23

VII. TASHICHOLING GEWOG

The significant unresolved irregularities amounting to Nu.3.183 million against Tashicholing Gewog was reported in the 5th Session of the third Parliament as of 31 March 2023 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the total irregularities of Nu.1.759 million reported to the Parliament in April 2023;

irregularities of Nu.0.383 million was settled, leaving unsettled balance of Nu.1.376 million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	0.050		0.050	-
2	Embezzlement	0.723	0.383	0.340	52.97
4	Non-Compliance to laws and rules	0.909		0.909	-
5	Shortfalls, lapses and deficiencies	0.077	-	0.077	-
	Total	1.759	0.383	1.376	21.77

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION – NU. 0.050 MILLION

The cases with elements of fraud and corruption involving Nu. 0.050 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
1.2	Misuse of government property	0.050	-	0.050
	Total	0.050	-	0.050

1.2 MISUSE OF PUBLIC PROPERTY – NU. 0.050 MILLION

The Chairman of Dangling Vegetable Group had misused and illegally sold the micro tiller to a private individual at Nu. 0.050 million. The micro tiller procured during 2014-2015 at a cost of Nu. 0.085 million was under the custody of the Chairman. The lapses had occurred apparently due to inadequate monitoring, supervision by the Gewog administration and lack of sense of ownership on the part of the beneficiaries. (AIN: 16868; OB No.:8; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: *Observation Not Settled.*

An administrative action was taken against Samir Giri, former Gup of Tashi Chhoeling Gewog vide letter No.DAT/Adm-08/2023/100 dated 18/01/23 by imposing one

month's basic salary for numerous audit observations issued against him for the fiscal year 2019-2020 due to negligence and lapses resulted while delivering public services during his tenure. A sum of Nu.35,020.00 equivalent to one month's basic pay was deposited vide receipt No.01994 dated 27/02/2023.

The Gewog Administration had forwarded the case to Dzongkhag Adminsitration, Samtse for intiating the legal action. Until such time, the para shall remain unresolved.

2. EMBEZZLEMENT – NU. 0.340 MILLION

The cases with elements of embezzlement involving Nu. 0.340 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
2.1	Shortages of materials	0.521	0.383	0.138
2.2	Shortages of cash	0.138	-	0.138
2.3	Short accountal	0.064	-	0.064
	Total	0.723	0.383	0.340

2.1 SHORTAGES OF MATERIALS – NU. 0.521 MILLION

- a) The Gewog Administration, Tashicholing had shortages of MS angle posts valuing Nu. 0.335 million. Out of 800 numbers MS angle posts, 436 numbers were missing from site. The shortage could be attributed to poor custody of material and sheer negligence. (AIN: 16868; OB No.:1.3.1; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: Observation Not Settled.

The amount of Nu.35,020.00 was deposited vide receipt No.01994 dated 27.02.2023. Out of the total penalty amount of Nu.191,919.87, a sum of Nu.125,000.00 has been successfully recovered vide receipt No.01717 dated 22 September 2023, and Nu.20,000.00 recovered vide receipt No.01738 dated 15 December 2023. Consequently, the remaining balance of the penalty, amounting to Nu.46,919.87, remains outstanding and is currently recoverable as of the date.

- b) The Gewog Administration, Tashicholing had shortages of electric fencing materials worth Nu. 0.048 million. The differences were noted in stock balance as per the inventory register and physical count. (AIN: 16868; OB No.:1.3.3; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: Observation Settled.

Upon the recovery of the principal amount vide receipt No. 01994 dated 27/02/2023 and the recovery of a 24% penalty interest amounting to Nu.19,798.16 vide receipt No. 01712 dated 30.08.2023, the observation was deemed resolved.

- c) The Gewog Administration, Tashicholing had shortages of 20mm, 25mm and 63mm HDPE pipes valuing Nu. 0.091 million. There were differences in quantity procured and quantity issued. *(AIN: 16868; OB No.:3.1; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)*

Status: *Observation Not Settled.*

The amount of Nu.0.091 million along with 24% pa penal interest stands recoverable as of the date besides taking appropriate action at the earliest.

- d) The Gewog Administration, Tashicholing had cases of shortages of cement valuing Nu. 0.047million procure from M/s Wangdi Cement Agent, Tashicholing. Out of 333 bags of cement, 182 bags were issued and remaining quantity of 151 bags were missing. The lapses had occurred due to poor custody of materials and inadequate maintenance of inventory records. *(AIN: 16868; OB No.:3.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)*

Status: *Observation Not Settled.*

The amount of Nu.0.047 million along with 24% penal interest stands recoverable as of the date besides taking appropriate action at the earliest.

2.2 SHORTAGE OF CASH – NU. 0.138 MILLION

The Mangmi of Gewog Administration, Tashicholing had misused Nu. 0.138 million from the collections made from public. Since 2017, the Gewog had been collecting Nu. 180 per household in meeting crematorium caretaker's salary. *(AIN: 16868; OB No.:9; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)*

Status: *Observation Not Settled.*

As per the minutes of the review meeting held on 14/12/2023 at Tashichoeling Drungkhag, it was decided that the amount of Nu.137, 700/- along with 24% penalty interest should be recovered. The appropriate action need to taken against the direct accountable individuals.

The Gewog Administration had forwarded the case to Dzongkhag Adminsitration, Samtse for legal action. Until such time, the para shall remain unresolved.

2.3 SHORT ACCOUNTAL OF FUNDS – NU. 0.064 MILLION

The Gewog Administration, Tashicholing had short accountal of funds amounting to Nu. 0.064 million on account of water connection charges to new house construction. From the total collection of Nu. 0.127 million, only Nu. 0.063 million were accounted for. Further, the Gewog does not have a system of issuing money receipt to document a proof of financial transactions and to acknowledge the payer. (AIN: 16868; OB No.:10.1; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: Observation Not Settled.

The amount of Nu.0.064 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken. The Gewog Administration had forwarded the case to Dzongkhag Administration, Samtse for legal action. Until such time, the para shall remain unresolved.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.909 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.909 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Payment without supporting documents	0.440	-	0.440
4.2	Payment without verification	0.259	-	0.259
4.3	Short accountal of collection	0.210	-	0.210
	Total	0.909	-	0.909

4.1 PAYMENT WITHOUT SUPPORTING DOCUMENTS – NU. 0.440 MILLION

- a) The Gewog Administration, Tashicholing had made expenditure amounting to Nu. 0.440 million without supporting documents. The expenditure incurred for the maintenance of farm roads were not authenticated by log book and the purpose of the expenses could not be verified due to lack of details. (AIN: 16868; OB No.:2.1; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: Observation Not Settled.

The amount of Nu.0.440 million stands recoverable along with 24% pa penal interest. The Gewog Administration had forwarded the case to Dzongkhag Adminsitration, Samtse for legal action. Until such time, the para shall remain unresolved.

4.2 PAYMENT WITHOUT VERIFICATION – NU. 0.259 MILLION

The Gewog Administration, Tashicholing had booked expenditure amounting to Nu. 0.259 million on account of purchase of fuel without verification. The lapses indicate lack of adequate supervision and failure to exercise due diligence while approving the payments. (AIN: 16868; OB No.:2.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: *Observation Not Settled.*

The amount of Nu.0.259 million stands recoverable along with 24% pa penal interest. The Gewog Administration had forwarded the case to Dzongkhag Adminsitration, Samtse for legal action. Until such time, the para shall remain unresolved.

4.3 SHORT ACCOUNTAL OF COLLECTION – NU. 0.210 MILLION

The Gewog Administration, Tashicholing had short accountal of Nu. 0.210 million on account of collections made from public. From the total collection of Nu. 0.237 million, a sum of Nu. 0.027 million was paid to the water caretaker and fund of Nu. 0.210 million stands unaccounted. (AIN: 16868; OB No.:10.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: *Observation Not Settled.*

The amount of Nu.0.210 million stands recoverable along with 24% pa penal interest. The Gewog Administration had forwarded the case to Dzongkhag Adminsitration, Samtse for legal action. Until such time, the para shall remain unresolved.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.077 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.077 million is as indicated below:

5.1 EXCESS PAYMENT - NU. 0.077 MILLION

- a) The Gewog Administration, Tashicholing had made excess payments of Nu. 0.249 million in the construction of electric fencing at Kangduphu executed by M/s Ezra Fabrication Unit. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made. (AIN: 16868; OB No.:1.4.1; Direct Accountabilities: Dophu Drukpa, Engineer, EID No. 201101205; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: *Observation Settled.*

The principal amount of Nu. 0.249 million was recovered vide receipt No.01927 dated 21/6/2022. An accumulated 24% pa penalty of Nu.97,986.16 was recovered vide receipt No. 01723 dated. 17.10.23. Hence para was considered settled.

- b) The Gewog Administration, Tashicholing had made excess payments of Nu. 0.086 million in the construction of electric fencing at Kangduphu executed by M/s Ezra Fabrication Unit. As against the requirement to supply 40x40x6mm MS angle post, the fabrication unit had supplied 40x40x5mm which resulted to excess payment. (AIN: 16868; OB No.:1.4.2; Direct Accountabilities: Dophu Drukpa, Engineer, EID No. 201101205; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: *Observation Settled.*

An accumulated 24% pa penalty of Nu. 33,887.136 was deposited vide receipt No. 01724 dated 17.10.23. Hence the para is considered as settled.

- c) The Gewog Administration, Tashicholing had made excess payments of Nu. 0.077 million in the construction of Prabachan Hall at Shivalaya Mandir executed by M/s Yuden Lham Construction, Samtse. The excess payment had occurred due to differences in quantities of work actually executed and quantities for which payment was made. (AIN: 16868; OB No.:7.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

Status: *Observation Not Settled.*

An amount of Nu.76,571.14 along with 24% penalty stands recoverable as of date.

3.4.11 GEWOG UNDER TRONGSA DZONGKHAG

I. DRAKTENG GEWOG

The significant unresolved irregularities amounting to Nu.0.600 million against Drakteng Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.600 million reported to the Parliament in April 2023, remained unresolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.600	-	0.600	-
	Total	0.600	-	0.600	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.600 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.600 million is as indicated below:

5.1 OUTSTANDING ADVANCE - NU. 0.600 MILLION

The Gewog Administration, Drakteng had not adjusted PW advances amounting to Nu. 0.600 million against Regional Office, DoR, Trongsa. The advances were released for deposit works and lying unadjusted since the end of FY 2017-2018. *(AIN: 16480; OB No.:2; Accountabilities: Direct: Sangay Dorji, Accounts Assistant, EID No. 201820110522; Supervisory Accountability: Kinzang Dorji, Gup, CID No. 11701001704)*

Status: *Observation Not Settled.*

A follow-up reminder vide letter No.RAA/Bt/Fus-01/2021/514 dated 15/04/2021 and RAA-BT/Fus-03/2023/125 dated 20/11/2023 were served. However, the observation remains unsettled as of 29 February 2024.

II. TANGSIBJI GEGOG

The significant unresolved irregularities amounting to Nu.0.166 million against Tangsibji Gewog reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The balance irregularities of Nu.0.145 million reported to the Parliament April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.145	-	0.145	-
	Total	0.145	-	0.145	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.145 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.145 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Unreconciled amount	0.067	-	0.067
5.2	Outstanding advance	0.078	-	0.078
	Total	0.145	-	0.145

5.1 UNRECONCILED AMOUNT - NU. 0.067 MILLION

The Gewog Administration, Tangsibji had unreconciled amount in refundable deposit account amounting to Nu. 0.067 million as at 30 June 2018. The lapses had occurred due to non-conduct of periodic reconciliation of refundable deposit accounts. *(AIN: 16481; OB No.:2; Accountabilities: Direct: Tshering Dawa, Accounts Assistant, EID No. 20141204880; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)*

Status: *Observation Not Settled.*

A follow-up reminder vide RAA/Bt/Fus-01/2021/513 dated 10/04/2021 and RAA-BT/Fus-03/2023/125 dated 20/11/2023 were served. However, no ATR response was received and the observation remains unsettled as of 29 February 2024.

5.2 OUTSTANDING ADVANCE - NU. 0.078 MILLION

The Gewog Administration, Tangsibji had not adjusted PW advances amounting to Nu. 0.078 million against M/s Tshering Choden Construction which had not been adjusted by the end of the financial year. The outstanding advances pertained to the FY 2017-18. *(AIN: 16481; OB No.:5; Accountabilities: Direct: Kinzang Tenzin, EID No. 201001716; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)*

Status: Observation Not Settled.

A follow-up reminder vide RAA/Bt/Fus-01/2021/513 dated 10/04/2021 and RAA/BT/Fus-01/2021/129 dated 13/04/2021 were served. However, no ATR response was received and the observation remains unsettled as of 29 February 2024.

3.4.12 GEWOGS UNDER TRASHI YANGTSE

I. BUMDELING GEWOG

The significant unresolved irregularities amounting to Nu.0.135 million against Bomdeling Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.135 reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	0.065	-	0.065	-
3	Mismanagement	0.070	-	0.070	-
	Total	0.135	-	0.135	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

2. EMBEZZLEMENT - NU. 0.065 MILLION

The cases with elements of embezzlement involving Nu. 0.065 million is as indicated below:

2.1 NON-DEPOSIT OF CORDYCEPS COLLECTION FEES – NU. 0.065 MILLION

The Gewog Administration, Bumdeling had failed to deposit the revenue collections on account of cordyceps fee amounting to Nu. 0.065 million in CD Account and DoFPS account during the FY 2018-2019. Nu. 0.016 million and Nu. 0.049 million were not deposited to CD Account and DoFPS accounts respectively. The lapses had occurred due to non-adherence to the guidelines for collection of cordyceps issued by the Department of Forest and Park Services. *(AIN: 16428; OB No.:1; Accountabilities: Direct: Mani Wangda, Former Gup, CID No. 11601001060; Supervisory: Tshering Wangchuk, Officiating Gup, CID No.11601001512)*

Status: Observation Not Settled.

The follow-up reminders vide OAAGSJ/FOLLOW-UP-04) Dz-TYANGTSE/2023-2024/725 dated 11/12 /2023 and OAAGSJ/Follow-up-04)Dz-Tyangste/2022-2023/363 dated 02/03/2023 were served. However, the observation remains unsettled as of 29 February 2024.

3. MISMANAGEMENT – NU. 0.070 MILLION

The case of mismanagement involving Nu. 0.070 million is as indicated below:

3.1 INAPPROPRIATE PAYMENT FROM CD ACCOUNT – NU. 0.070 MILLION

The Gewog Administration, Bumdeling had made inappropriate payment of Nu. 0.070 million from CD Account during the FY 2018-2019. Amount of Nu.0.060 million was paid towards life insurance and Nu. 0.010 million was withdrawn by the Gup from Gewog CD Account. The lapses could be attributed to weak internal control and inadequate supervision. (AIN: 16428; OB No.:2; Accountabilities: Direct: Mani Wangda, Former Gup, CID No.11601001060; Supervisory: Tshering Wangchuk, Officiating Gup, CID No.11601001512)

Status: Observation Not Settled.

The follow-up reminders vide letter No. OAAGSJ/Follow-up-04)Dz-Tyangste/2022-2023/363 dated 02/03/2023 and OAAGSJ/FOLLOW-UP-04) Dz-TYANGTSE/2023-2024/725 dated 11/12/2023 were served. However, the observation remains unsettled as of 29 February 2024.

3.4.14 GEWOG UNDER THIMPHU DZONGKHAG

I. DAGALA GEWOG

The significant unresolved irregularities amounting to Nu.1.155 million against Dagala Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularity of Nu.1.155 reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.155	-	1.155	-
	Total	1.155	-	1.155	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.155 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.155 million is as indicated below:

5.1 OUTSTANDING ADVANCE - NU. 1.155 MILLION

The Gewog Administration, Dagala had not adjusted PW advances amounting to Nu. 1.155 million against various contractors by the end of FY 2018-19. The outstanding advance pertained to the FYs 2011-12 and 2012-13 indicating lack of timely follow-up action by the administration. *(AIN: 16785; OB No.:1; Accountabilities: Direct: Gyem, Accountant, CID No. 10802002035; Dechen Wangmo, Accounts Assistant, EID No. 9709046; Supervisory Accountability: Gado, Gup, CID No. 11403000297)*

Status: *Observation Not Settled.*

As of date, no ATR response received. The amounts needs to be recovered along with 24% pa penal interest at the earliest.

3.4.15 GEWOG UNDER TRASHIGANG DZONGKHAG

I. PHONGMEY GEWOG

The significant unresolved irregularities amounting to Nu.3.630 million against Phongmey Gewog reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.3.630 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as discussed below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	3.369	-	3.369	-
3	Mismanagement	0.261	-	0.261	-
	Total	3.630	-	3.630	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION - NU. 3.369 MILLION

The cases of elements of fraud and corruption involving Nu. 3.088 million are as indicated below:

1.1 MISAPPROPRIATION OF FUNDS – NU. 3.369 MILLION

The Accounts Assistant of the Gewog Administration, Phongmey had misappropriated funds as follows:

- a) A cheque of Nu. 0.096 million was issued to M/s Baijnath Gupta and Sons instead of M/s Muktsen Construction. The payment was made on account of procurement of HDPE pipes. The lapses had occurred due to lack of integrity on the part of dealing Accounts Assistant which was further exacerbated by an apparent lack of supervision and monitoring. (AIN: 16723; OB No.:1.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- b) The Accounts Assistant had misappropriated Nu. 0.033 million by making payment to an individual on account of silk kira bought for personal use. The amount was found deposited into the recipient's account vide cheque No. 685106 and 685107. (AIN: 16723; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant,

EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- c) The advance of Nu. 0.270 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. The Accounts Assistant admitted that the amount was used to adjust amount misappropriated from previous financial years. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. *(AIN: 16723; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- d) The Gewog Administration, Phongmey had an unissued cheque No. 698178 as per the cheque book register maintained in PEMS. However, the same cheque was found presented to bank for encashment of Nu. 0.011 million by the Accounts Assistant. The withdrawal of amount could not be authenticated by supporting documents. *(AIN: 16723; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- e) The Accounts Assistant had misappropriated Nu. 0.260 million through cheque withdrawals without supporting documents. Accounts Assistant had prepared the cheques in her name and withdrawn in cash. Fictitious names were created in PEMS to hide her identity. (AIN: 16723; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- f) The Accounts Assistant had misappropriated fund aggregating to Nu. 1.844 million by making bank withdrawals through her husband, Mr. Tshering Penjor. The Accounts Assistant had misused Nu. 0.465 million in 2018-2019, Nu.1.179 million in 2017-2018 and Nu. 0.200 million in 2016-2017. (AIN: 16723; OB No.:2.5, 3.5, 4.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Tshering Penjor, ES, EID No. 200807104; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- g) The Gewog Administration, Phongmey had cancelled cheque No. 678796 as per the cheque book register. However, the same cheque was found presented to bank on 25 November 2017 for an encashment of Nu. 0.025 million. The amount was paid for the cost of window components supplied for Accounts Assistant's private house construction. (AIN: 16723; OB No.:3.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- h) A cheque amounting to Nu. 0.225 million was misused by the Accounts Assistant by way of making payments on account of procurement of hilux for her personal use. The payment was made through Gewog fund vide cheque No. 634418. The accountant had prepared two disbursement vouchers of Nu. 0.115 million and Nu.0.110 million using same cheque number. (AIN: 16723; OB No.:3.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a

comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- i) A payment of Nu. 0.288 million prepared in the name of Mrs. Samten Lhamo, Accounts Assistant was booked without supporting documents. The Accountant had misused the fund through cheque withdrawals of Nu. 0.250 million and Nu. 0.038 million. She had created fictitious names in vouchers in order to conceal her identity. (AIN: 16723; OB No.:3.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- j) The Accounts Assistant had misappropriated an amount of Nu. 0.300 million towards the cost of her private vehicle procured from Zimdra Automobiles. A cheque prepared in the name of Mr. Tshering Penjor (Accounts Assistant's husband) was later endorsed to Zimdra Automobiles. The disbursement voucher was not prepared to authenticate the payment. (AIN: 16723; OB No.:3.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Kuenley Penjor, GAO, EID No: 200803059; Supervisory: Pelden Dorji, Gup, CID No.11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a

comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- k) A cheque of Nu. 0.017 million was issued from Gewog LC account towards the defrayal of kira bought by the Accounts Assistant. The misappropriation pertained to financial year 2016-2017. (AIN: 16723; OB No.:4.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory: Pelden Dorji, Gup, CID No.11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

3. MISMANAGEMENT – NU. 0.261 MILLION

The cases of mismanagement involving Nu. 0.261 million is as indicated below:

3.1 PAYMENT WITHOUT SUPPORTING DOCUMENTS - NU. 0.261 MILLION

A sum of Nu. 0.261 million was withdrawn from bank through issue of cheques to late Phongmey Gup. The withdrawals were not substantiated by supporting documents. Since the Gup passed away before the completion of audit, the issue could not get clarified. (AIN: 16723; OB No.:1.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Late Pelden Dorji, Gup, CID No. 11509000811; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023, the Dzongkhag Administration, Trashigang had formed committee and has conducted a

comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC vide RAA/OAAG-SJ/AR-32/GewogAmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation and also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

I. SHONGPHU GEWOG

The significant unresolved irregularities amounting to Nu.2.364 million against Shongphu Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.2.364 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as discussed below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	2.364	-	2.364	-
	Total	2.364	-	2.364	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION - NU. 2.364 MILLION

The cases with elements of fraud and corruption involving Nu. 2.364 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
1.1	Forgery of signature	-	-	-
1.2	Misappropriation of funds	2.364	-	2.364
	Total	2.364	-	2.364

1.1 FORGERY OF SIGNATURE

- a) The Accounts Assistant of the Gewog Administration, Shongphu had forged Gup's signature in the handing taking note. The handing taking note was executed between the incoming and the outgoing Accounts Assistant. Mrs. Samten Lhamo, the outgoing

Accounts Assistant did not inform the Gup regarding the handing taking note and forged his signature. Further, the supervising officers at the Dzongkhag and Gewog offices were unaware of such deceptive and fraudulent practices perpetrated by the outgoing Accounts Assistant. (AIN: 16722; OB No.:1.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Mani Lhamo, EID No. 20130802311)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- b) The Accounts Assistant had forged the signature of competent authority in the financial instrument. The forged signature of Gup and GAO were reported in nine cheques aggregating to Nu. 0.985 million. The Gup's signature were forged in three cheques amounting to Nu. 0.661 million and GAO's signature were forged in six cheques aggregating to Nu. 0.323 million. (AIN: 16722; OB No.:1.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

1.2 MISAPPROPRIATION OF FUNDS – NU. 2.364 MILLION

The Accounts Assistant of the Gewog Administration, Shongphu had misappropriated funds as follows:

- a) Nu. 0.037 million was misappropriated in meeting her private expenses. Cheque No. 684212 for an amount of Nu. 0.016 million was issued from Gewog LC account in

favour of Phurpa Zangmo towards purchase of silk kira bought by the Accounts Assistant. Nu. 0.021 million was endorsed to Mr. Norbu Chogay vide cheque No. 684213 on account of materials supplied for her private house construction at Bikhar. (AIN: 16722; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- b) The advance of Nu. 0.270 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. Further, the amount was not recorded in the cashbook and fictitious voucher was prepared in lieu of the advance settlement. (AIN: 16722; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022; Wangchuk Dorji, Sr. Dzongrab, EID No. 9308038)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- c) A cancelled cheque No. 622616 and unissued cheque No. 636863 were found presented to bank for encashment amounting to Nu. 0.649 million by the Accounts Assistant. (AIN: 16722; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts

Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)

Status: *Observation Not Settled.*

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- d) Nu. 0.495 million was misappropriated through making withdrawals using self-cheque without supporting documents. The Accounts Assistant had created fictitious names in PEMS to avoid reflecting her name in vouchers. *(AIN: 16722; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No.11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*

Status: *Observation Not Settled.*

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- e) Nu. 0.283 million was misappropriated by the Accounts Assistant through withdrawal of fund vide cheque No. 696551 in the name of Mr. Tshering Penjor (Accounts Assistant's husband). *(AIN: 16722; OB No.:2.5; Accountabilities: Direct: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Tshering Penjor, ES, EID No. 200807104; Supervisory: Rinzin Dorji, Gup, CID No.11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*

Status: *Observation not settled*

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- f) The Accounts Assistant had misappropriated Nu. 0.074 million from non-revenue account. The withdrawal of retention money amounting to Nu. 0.061 million was misused by the Accounts Assistant. Further, the supporting documents for Nu. 0.013 million were not available. The payments of retention money were met from budgetary accounts. (AIN: 16722; OB No.:2.6; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No.11513003337; Sangay Wangchuk, GAO, EID No. 201105022)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- g) The Accounts Assistant had embezzled Nu. 0.556 million by way of withdrawals using self-cheque. The Accountant had manipulated records and generated fictitious names in PEMS. The misappropriation pertained to FY 2016-2017. (AIN: 16722; OB No.:2.7; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)

Status: Observation Not Settled.

As per the letter No. DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang has formed a committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/202 for initiating a further investigation. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

I. RADHI GEWOG

The significant unresolved irregularities amounting to Nu.4.428 million against Radhi Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.4.438 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as discussed below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	4.438	-	4.438	-
	Total	4.438	-	4.438	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION - NU. 4.438 MILLION

The cases with elements of fraud and corruption involving Nu. 4.428 million are as indicated below:

1.1. MISAPPROPRIATION OF FUNDS – NU. 4.438 MILLION

The Accounts Assistant of the Gewog Administration, Radhi had misappropriated funds as follows:

- a) The advance of Nu. 0.250 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. Further, the amount was not recorded in the cashbook and fabricated voucher was prepared in lieu of the advance settlement. *(AIN: 16724; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No.11510003192; Chhimi Dorji, GAO, EID No. 200803040; Wangchuk Dorji, Dzongrab, EID No. 9308038)*

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- b) The Accounts Assistant had misused government fund to the tune of Nu. 0.005 million by depositing the cheque to her sister Mrs. Dorji Wangmo's account. (AIN: 16724; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- c) The Gewog Administration, Radhi had unissued and cancelled cheque No. 697183 and 685015 respectively in PEMS. However, the same cheques were found presented to bank for encashment of Nu. 0.170 million by the Accounts Assistant. (AIN: 16724; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a

comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- d) The Accounts Assistant had misappropriated Nu. 0.020 million by making a cheque payment to Mrs. Sangay Dema, proprietor of M/s Tshering Dema General Store. The Accounts Assistant owed the amount to Mrs. Sangay Dema and the amount was directly credited to her account. *(AIN: 16724; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)*

Status: *Observation Not Settled.*

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- e) Nu. 0.010 million was embezzled by the Accounts Assistant through BoB agent based at Rangjung. The Accountant deposited the amount into agents account and was withdrawn later. *(AIN: 16724; OB No.:2.5; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory Accountability: Kulung, Gup, CID No.11510003192; Chhimi Dorji, GAO, EID No. 200803040)*

Status: *Observation Not Settled.*

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- f) A fund aggregating to Nu. 1.042 million was misappropriated through cheque withdrawals without supporting documents. Nu. 0.287 million was misappropriated in 2018-2019 and Nu. 0.755 million in 2016-2017. Accounts Assistant had prepared the cheques in her name and withdrawn in cash. The names of payee did not match with system voucher and the bank statement. (AIN: 16724; OB No.:2.6, 4.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No.11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 of dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the Attorney Generals office is now in possession of the case.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. And also the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- g) The Accounts Assistant misappropriated fund aggregating to Nu. 1.334 million by making bank withdrawals through her husband, Mr. Tshering Penjor. Accountant had misused Nu. 0.124 million in 2018-2019, Nu. 1.100 million in 2017-2018 and Nu. 0.100 million in 2016-2017. (AIN: 16724; OB No.:2.7, 3.3, 4.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Tshering Penjor, ES, CID No. 11512002840; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- h) Nu. 0.100 million was embezzled by the Accounts Assistant through bank withdrawal in the name of other individuals. As per the disbursement voucher, a cheque No. 697152 was shown to have prepared in the name of Mr. Karma was found to have been withdrawn by Mr. Sonam Phuntsho, Bidung Gup. The amount withdrawn by the Gup was handed over to the Accounts Assistant on the same day. (AIN: 16724; OB No.:2.8; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- i) The Accounts Assistant had misappropriated Nu. 0.165 million by making payment to Mr. Ugyen Wangchuk on account of supply of construction material for her private house construction. The name of the payee was misrepresented in disbursement voucher as Pema Wangchuk. (AIN: 16724; OB No.:3.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- j) Nu. 1.222 million was misappropriated through bank withdrawals without supporting documents. Cheques prepared in different individuals' names was withdrawn by Mrs. Samten Lhamo, Accounts Assistant. The case of misappropriation pertained to FY 2017-2018. (AIN: 16724; OB No.:3.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- k) The Accounts Assistant had embezzled sum of Nu. 0.120 million recovered on account of 10% retention money for the renovation of Jongla Lhakhang. The contractor had paid the retention money in cash. However, the Accounts Assistant did not deposit the amount into refundable deposit account but subsequently embezzled the amount. This instance was reported during the FY 2017-2018. (AIN: 16724; OB No.:5.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney General.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020, which was intimated the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

II. BIDUNG GEWOG

The significant unresolved irregularities amounting to Nu.0.717 million against Bidung Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu. 0.717 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as discussed below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	0.717	-	0.717	-
	Total	0.717	-	0.717	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION - NU. 0.717 MILLION

The cases with elements of fraud and corruption involving Nu. 0.717 million are as indicated below:

1.1 MISAPPROPRIATION OF FUNDS – NU. 0.717 MILLION

The Accounts Assistant of the Gewog Administration, Bidung had misappropriated funds as follows:

- a) Fund aggregating to Nu. 0.096 million was misappropriated towards personal expenses. She had misused the fund for purchase of silk kira, tego and cosmetic items. Nu. 0.017 million was misused for cosmetic items and 0.079 million towards silk kira and tego. Payments were settled through issue of cheques from Gewog LC account. (AIN: 16725; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No.11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney Generals office.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- b) The advance of Nu. 0.250 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. Further, the amount was not recorded in the cashbook and fabricated voucher was prepared in lieu of the advance settlement. (AIN: 16725; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No.11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026; Wangchuk Dorji, Dzongrab, EID No. 9308038)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney Generals office.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

The Accounts Assistant had misappropriated Nu. 0.020 million in clearing her personal liabilities. The Accounts Assistant owed Nu. 0.010 million each to Sangay Dema and Leki Wangmo. She misappropriated Gewog fund and cleared her debts through cheque payments. (AIN: 16725; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney Generals office.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- c) A cheque of Nu. 0.033 million was issued in favour of Sangay Dema towards purchase of personal gadget by the Accounts Assistant. (AIN: 16725; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney Generals office.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- d) The Accounts Assistant had embezzled Nu. 0.118 million through withdrawals of self-cheque. The Accounts Assistant had manipulated records and generated fictitious names in accounting vouchers to make it appear real. (AIN: 16725; OB No.:2.5; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 1150200231s; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)

Status: Observation Not Settled.

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney Generals office.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to

the Gewog vide letter No. RAA/OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

- e) The Accounts Assistant misappropriated fund aggregating to Nu. 0.200 million by making bank withdrawals through her husband, Mr. Tshering Penjor. *(AIN: 16725; OB No.:2.6; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Tshering Penjor, ES, EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)*

Status: *Observation Not Settled.*

As per the letter No.DAT/Accts-02/2023-2024/1447 dated 7/11/2023 the Dzongkhag Administration, Trashigang had formed committee and has conducted a comprehensive review of the pending issues and the case is under the purview of the Office of the Attorney Generals office.

The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA/OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021. Further, the follow-up reminder vide OAAGSJ/FOLLOW-UP-03)Dz-TGANG/2022-2023/342 dated 15/02/2023 was served.

3.4.16 GEWOG UNDER WANGDUEPHODRANG DZONGKHAG

II. SAEPHU GEWOG

The significant unresolved irregularities amounting to Nu.1.445 million against Saephu Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.1.445 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.776	-	0.776	-
5	Shortfalls, lapses and deficiencies	0.669	-	0.669	-
	Total	1.445	-	1.445	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.776 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.776 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Short recovery of liquidated damages	0.223	-	0.223
4.2	Non-recovery of 20% penalty for incomplete works	0.553	-	0.553
	Total	0.776	-	0.776

4.1 SHORT RECOVERY OF LIQUIDATED DAMAGES – NU. 0.223 MILLION

The Gewog Administration, Saephu had short-recovered liquidated damages of Nu. 0.223 million from M/s AP Sha Construction in Blacktopping of farm road from Chazam to Lubzor. The construction was supposed to be completed by 21 April 2018, but was completed only on 5 November 2018 after a substantial delay of 180 days. The applicable liquidated damages for the delays amounted to Nu. 2.386 million, but only Nu. 2.163 million was recovered leaving a balance of Nu. 0.223 million. *(AIN: 16764; OB No.:1(b); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s AP Sha construction, CDB 4153; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)*

Status: *Observation not settled*

A Follow up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/01 dated 05/07/2022 was issued. However, no ATR response was received.

Further, the contrator failed to report for the court hearing even after making announcement in media. Follow up report was issued vide letter No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023.

4.2 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS – NU. 0.553 MILLION

The Gewog Administration, Saephu had not realized 20% penalty on the value of incomplete works amounting to Nu. 0.553 million from M/s AP Sha Construction upon termination of contract in Blacktopping of farm road from Chazam to Lubzor. The Gewog Administration had terminated the contract on the grounds of fundamental breach of contract by the contractor. (AIN: 16764; OB No.:1(d); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s AP Sha construction, CDB No. 4153; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)

Status: Observation Not Settled.

A Follow up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/01 dated 05/07/2022 was issued. However, no ATR response was received.

Further, the contractor failed to report for the court hearing even after making announcement in media. Follow up report was issued vide letter No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.669 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.669 million are as indicated below:

5.1 OVER PAYMENTS - NU. 0.669 MILLION

- a) The Gewog Administration, Saephu had made over payment of Nu. 0.535 million to M/s AP Sha Construction in Blacktopping of farm road from Chazam to Lubzor. The overpayment had occurred due to release of excess amounts in RA Bills as against actual quantities of work executed at site. The lapse was attributed by inadequate supervision and improper verification of contractor's claim by the site engineer. (AIN: 16764; OB No.:1(a); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s AP Sha construction, CDB No. 4153; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)

Status: Observation Not Settled.

A Follow up reminder vide RAA/OAAG(T)/FUS-02/2022-2023/01 dated 05/07/2022 was issued. However, no ATR response was received.

Further, the contractor failed to report for the court hearing even after making announcement in media. Follow up report was issued vide letter No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023.

- c) The Gewog Administration, Saephu had made over payment of Nu. 0.134 million to M/s Empire Construction in Blacktopping of farm road from Chazam to

Lubzor. The over payment had occurred due to difference in quantities of works executed at site and quantities paid for. (AIN: 16764; OB No.:2(a); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s Empire Construction, CDB No. 1011083; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)

Status: Observation Not Settled.

A Follow up reminder vide RAA/OAAG(T)/FUS-02/2022-2023/01 dated 05/07/2022 was issued. However, no ATR response was received.

Further, the contractor failed to report for the court hearing even after making announcement in media. Follow up report was issued vide letter No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023.

III. THEDTSHO GEWOG

The significant unresolved irregularities amounting to Nu.2.567 million against Thedtsho Gewog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Gewog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.2.567 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	2.567	2.567	-	100
	Total	2.567	2.567	-	100

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.567 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.567 million is as indicated below:

5.1 NON-COMPLIANCE TO PROVISION OF CLOSED WORKS ACCOUNT – NU. 2.567 MILLION

The Gewog Administration, Thedtsho had booked sum of Nu. 2.567 million under closed works account during the FY 2018-19 for incomplete works. The Gewog Administration had not settled the closed work account even after lapse of more than six months. The lapses had occurred due to non-adherence to the provisions of the close works account in the FRR 2016. (AIN: 16766; OB No.:1; Accountabilities: Direct: Sangay Lhamo, AE, Municipal, EID No. 9907127; Supervisory: Namgyel Wangchuk, Gup, CID No. 11915001339)

Status: Observation Settled.

Based on the completion report submitted and payments made to the Contractors, the observation was considered settled. To this, the Follow up Report was issued vide letter No. RAA/OAAG (T) AR (DAW-01)/2022-23/0390 dated 27 June 2023.

3.5. AUTONOMOUS AGENCIES

3.5.2. BHUTAN INFO-COMM AND MEDIA AUTHORITY

During the year, the RAA had issued one audit report of Bhutan InfoComm and Media Authority (BICMA). There were three observations amounting to Nu. 0.503 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.0.503 million against the Authority was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Authority and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.503 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	0.503	-	0.503	-
	Total	0.503	-	0.503	-

The details of unsettled irregularities reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION – NU.0.503 MILLION

The cases with element of fraud and corruption involving Nu0.503 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
1.1	Non-deposit of Revenue collected	0.453	-	0.453
1.2	Excess withdrawal of fund	0.050	-	0.050
	Total	0.503	-	0.503

1.1. NON-DEPOSIT OF REVENUE COLLECTED – NU. 0.453 MILLION

- a) The penalty of Nu. 0.320 million for late deposit of revenues collected had not been deposited into Audit Recoveries Account yet by the former accountant of BICMA. The revenue amount of Nu. 0.801 million collected on account of filming permit fees was deposited only after the instance of audit. The case has been forwarded to ACC. (AIN: 17002; OB No:1; Accountabilities: Direct: Namgyel Phuntsho, Former Accountant, EID No. 20090187, CID No.: 10715001409; Supervisory: Jigme Wangdi, Director, EID No. 2101068, CID No.: 10102002928; Gyem Lham, AAO, EID No.: 20180111417, CID No.: 11914001175)

Status: *Observation Not Settled.*

The case has been referred to ACC. Until such time that a resolution from ACC is received, the observation will remain unresolved.

- b) The penalty of Nu. 0.133 million for late deposit of revenues collected had not been deposited into Audit Recoveries Account yet by the former accountant of BICMA. The revenue amount of Nu. 0.242 million collected on account of filming permit fees was deposited only after the instance of audit. The case has been forwarded to ACC. (AIN: 17002; OB No:2; Accountabilities: Direct: Namgyel Phuntsho, Former Accountant, EID No. 20090187, CID No.: 10715001409; Supervisory: Jigme Wangdi, Director, EID No. 2101068, CID No.: 10102002928; Gyem Lham, AAO, EID No.: 20180111417, CID No.: 11914001175)

Status: *Observation Not Settled.*

The case has been referred to ACC. Until such time that a resolution from ACC is received, the observation will remain unresolved..

1.2. EXCESS WITHDRAWAL OF FUND – NU. 0.050 MILLION

The former accountant of BICMA had withdrawn Nu.0.150 million from the Universal Service Fund instead of Nu.0.015 million and embezzled Nu.0.135 million. The liable penalty amounts to Nu.0.050 million. This lapse was occurred as a result of the signed

blank cheque given to the former accountant. The case has been forwarded to ACC. (AIN: 17002; OB No.: 3; Accountabilities: Direct: Namgyel Phuntsho, Former Accountant, EID No. 20090187, CID No.: 10715001409; Supervisory: Jigme Wangdi, Director, EID No. 2101068, CID No.: 10102002928; Gyem Lham, AAO, EID No.: 20180111417, CID No.: 11914001175; Wangay Dorji, EID No.: 2101068, CID No.: 11410006078)

Status: *Observation Not Settled.*

The case has been referred to ACC. Until such time that a resolution from ACC is received, the observation will remain unresolved.

3.5.3. DRATSHANG LHENTSHOG

During the year, the RAA had issued two audit reports of Dratshang Lhentshog. There were four observations amounting to Nu. 1.316 million of which Nu. 0.376 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.0.940 million against Dratshang Lhentshog was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with Dratshang Lhentshog and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.940 million reported to the Parliament in April 2023, remained unresolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
3	Mismanagement	0.077	-	0.077	-
5	Shortfalls, lapses and deficiencies	0.863	-	0.863	-
	Total	0.940	-	0.940	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

3. MISMANAGEMENT – NU.0.077 MILLION

The cases of mismanagement involving Nu. 0.077 million is as indicated below:

3.1. NON-DEDUCTION OF HEALTH CONTRIBUTION – NU. 0.077 MILLION

The Dagana Rabdey, Pungthim Dratshang had not deducted the health contribution amounting to Nu. 0.077 million. The Rabdey had not deducted the Health Contribution

since 2016. (AIN: 16506; OB No.:1; Accountabilities: Direct: Daw Wangdi, Rabdey Secretary, CID No.: 10306000794; Supervisory: Jampel, Dagana Rabdey Lam, CID No.: 11512003529)

Status: Observation Not Settled.

A follow-up reminder was sent vide letter No. RAA/FuCD/(T1)2023/-58 dated 14/7/2023. As of 29 February 2024, the recoverable amount stands at Nu. 142,264.38 according to the system. Consequently, the sum owed by Daga Rabdey should be promptly recovered and deposited into ARA No. 100890623 without delay.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.863 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.863 million is as indicated below:

5.1. IRREGULAR ADJUSTMENT OF OUTSTANDING ADVANCES – NU. 0.863 MILLION

The Dratshang Lhentshög Secretariat had made irregular adjustment of outstanding advance of Nu. 0.863 million against M/s Druk Zhenphen Engineering, Thimphu for the construction of 76 bedded hostel at Tango Thorim Shedra at Dodena. Although the contract was terminated, the adjustment had been made through the mobilization and performance security deposit with assurance to complete the remaining works. However, the secretariat had used the project fund balance instead of the forfeited amount to complete the remaining works. (AIN: 16492; OB No.:1; Accountabilities: Direct: Tashi Gyeltshen, Principal Engineer, EID No.: 9009028; Dophu, Accounts Officer, EID No.: 200607056; Rinzin Wangmo, Chief Accounts Officer, EID No.: 2101045; Supervisory: Karma Tshering Namgyal, Secretary, EID No. 8302025)

Status: Observation Not Settled.

As per the letter dated 2 Sept. 2022 of the Accounts Officer, the contractor abandoned the work in the middle and absconded. A case against him was registered in Thimphu Dzongkhag Court and as per the Dzongkhag Court verdict dated 29/10/2020 the Ministry has been ordered to traced the culprit and report to the court. Despite several efforts, the contractor could not be traced so far and the observation remained unresolved. To this, the follow-up reminder was issued vide RAA/FUCD (S1)2023/295 dated 16/02/2023. However, the issue remained unresolved as of 29 February 2024.

3.5.5. JUDICIARY

During the year, the RAA had issued three audit reports of the Judiciary. There were 11 observations amounting to Nu. 4.266 million of which Nu. 4.177 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.089 million against the Judiciary was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Judiciary and review status of the irregularities as of 29 February 2024 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.089 million reported to the Parliament in April 2023 remained unresolved as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.089	-	0.089	-
	Total	0.089	-	0.089	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 is as discussed below.

4. NON-COMPLIANCE TO LAWS & RULES – NU.0.089 MILLION

The cases of Non-compliance to laws and rules involving Nu. 0.089 million is as follows:

4.1. UNDERSTATEMENT OF EXPENDITURE - NU. 0.089 MILLION

The Drungkhag Court, Dorokha had understated expenditure of Nu.0.089 million in the Expenditure Statement. The expenditure pertains to Pay and Allowance, Other Personnel Emoluments and Contributions-Provident Fund. The lapses had occurred due to systmetic error of PEMS. (AIN: 16484; OB No: 1; Accountabilities: Direct: Yam Kumar Subba, Accountant, EID No.: 9604092; Supervisory: P. S. Ghimeray, Drangpon, EID No.: 9709010)

Status: *Observation Not Settled.*

The observation was considered as settled vide serving of follow up report No. RAA/OAAG-Pling/FUS/Jud-Court(Dorokha)-B25/2023/271 dated 02/06/2023.

3.5.7. ROYAL UNIVERSITY OF BHUTAN

During the year, the RAA had issued three audit reports of the Royal University of Bhutan (RUB). There were 14 observations amounting to Nu. 13.217 million of which Nu. 1.847 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.11.420 million against RUB was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the RUB and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.5.808 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref.	Description	Irregularities	Settled/	Balance as of	%
5	Shortfalls, lapses and deficiencies	5.808	-	5.808	-
	Total	5.808	-	5.808	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 5.808 MILLION

The cases of shortfalls, lapses & deficiencies are as follows:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Payment of Salary and Allowance during LTT	-	-	-
5.2	Excessive Grant of Advance	5.808	-	5.808
	Total	5.808	-	5.808

5.1. PAYMENT OF SALARY AND ALLOWANCES DURING LTT - NU. 0.186 MILLION

The CNR, Lobesa had paid full salary and teaching allowance aggregating to Nu. 0.725 million to the employees who were on Long Term Training/Study leave. The lapses occurred due to consideration of mixed mode training under special arrangements as active service for full training period. (AIN: 16683; OB No: 1.1; Accountabilities: Direct: Bhakta Bdr. Shangshon, Asst. Professor, EID No.: 8905042; Nedup Dorji, Lecturer, EID No.: 200701086; Ugyen Thinley, Asst. Professor, EID No.: 9801067; Yeshey Khandu, Lecturer, EID No.: 9710036; Supervisory: Phub Dorji, President, EID No.: 9312018)

Status: Observation settled.

The principal amount has been deposited leaving only accumulated 24% penal interest unsettled as of 31 March 2023.

However, the accumulated penal interest was waived off during the 72nd Advisory Committee Meeting held on 11 July 2023. The observation was settled vide follow up report No. RAA/OAAG (T)/FUS-02/2023-2024/0113 dated 30 October 2023.

5.2. EXCESSIVE GRANT OF ADVANCE - NU. 5.808 MILLION

The CNR, Lobesa had paid additional advances aggregating to Nu. 10.372 million to M/s Raven Builders Pvt. Ltd on account of labour and material advance from the CD account of CNR in the FY 2018-19. However, the eligible advances were paid from the GOI funded Project account. The Project Management Committee granted the additional advances on the condition that the contractor obtain assurance letter from BoB and after signing legal agreement. The advances remained unadjusted for more than a year. (AIN: 16683; OB No: 2.1; Accountabilities: Direct: Yadav Dhungana, Site Supervising Engineer, EID No.: RUB1502002; Thinley Wangchuk, Chief Executive Officer; Karma Thinley, Project Site Engineer; M/s Raven Builders Pvt. Ltd., CDB No.: 2356; Supervisory: Phub Dorji, President, EID No.: 9312018)

Status: Observation partially settled.

Out of the total advance of Nu.10.372 million; Nu.4.564 million was settled leaving a balance of Nu.5.808 million as of date. The balance amount is to be recovered by encashing Bank Guarantee for performance which is currently withheld by the bank due to injunction letter received from High Court. Further, the CNR is yet to recover 24% penal interest on adjusted advance and on the balance outstanding advance amount.

The case is filed with the Supreme Court.

3.5.9. PHUNTSHOLING THROMDE

During the year, the RAA had issued three audit reports of Phuntsholing Thromde. There were 18 observations amounting to Nu. 257.870 million of which Nu. 14.467 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.243.403 million against Phuntsholing Thromde was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Thromde and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The

irregularities of Nu. 133.358 million reported to the Parliament in April 2023 was settled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	133.358	133.358	-	100
5	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	133.358	133.358	-	100

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the balances as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS & RULES – NU.133.358 MILLION

The cases of non-compliance to laws and rules involving Nu. 133.358 million are as indicated below:

4.1 NO MEASURES TAKEN FOR DAMAGED STRUCTURES – NU. 133.358 MILLION

- a) The SASEC Road Connectivity Project implemented by Thromde Administration, Phuntsholing and RO, DoR, Phuntsholing had awarded the contract of constructing Gabion Structures at Pasakha Access Roads to M/s Gyalcon Infrastructure Private Limited and M/s Druk Chapcha Construction Private Limited at Nu. 133.358 million. Though, the structures were damaged and submerged under the debries due to incessant rains in June 2019, the management had not taken any measure to restore the structures. (AIN: 16437; OB No.: 2; Accountabilities: Direct: Tshewang, Project Manager, EID No.: 20150105062; Supervisory: Kinzang Wangchuk, Project Coordinator, EID No.: 9807035)

Status: Observation Settled.

As of 31 March 2023, the observation was not settled and PMU was recommended to obtain expert view on the damages caused involving a huge expenditure and view of the expert is furnish to RAA.

However, the observation was treated as settled vide follow up report no. RAA/OAAG-Pling/SASEC-DoR-D5/2023/278 dated 05/6/23 based on the justiftaion provided and geological surprise despite the heavy investement in effort to control the landslides. Further it is apparent that ADB (the main fund provided) are well aware of the situation and willing to take forward to bring in alternative solution,

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.883 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.883 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Double Payment to Contractor	0.227	-	0.227
5.2	Excess Payment to Contractor	0.597	-	0.597
5.3	Payment without execution of work	0.059	-	0.059
	Total	0.883		0.883

5.1. DOUBLE PAYMENT TO CONTRACTOR - NU. 0.227 MILLION

The Thromde Administration, Phuntsholing had made double payments of Nu. 0.227 million to M/s Druk Tshenden Builders Pvt. Ltd, Tashiyangtse in the Construction of MPH, Blacktopping, compound lighting and Sewer Line connection to Sonamgang MSS. The double payment had occurred due to duplication in recording of measurement of the same item of work. (AIN: 16844; OB No: 6.2; Accountabilities: Direct: Simple Rai, Junior Engineer, EID No.:/CID No.: 20161211753/11303002426 & M/s Tshenden Builders Pvt. Ltd., CDB No.: 7905; Supervisory: Buddhiman Darjee, AE, EID No.:/CID No.: 200807191/11109002653)

Status: Observation partially settled

The principal amount of Nu. 226,917.46 has been deposited vide receipt 01884 dated 04/04/2022. However, 24% penalty interest accumulated to Nu. 7,147.08 stands recoverable as of date.

5.2. EXCESS PAYMENT TO CONTRACTOR - NU. 0.597 MILLION

The Thromde Administration, Phuntsholing had made excess payments of Nu. 0.597 million to M/s Druk Tshenden Builders Pvt. Ltd, Tashiyangtse in the Construction of MPH, Blacktopping, compound lighting and Sewer Line connection to Sonamgang MSS. The excess payment had occurred due to erroneous computation of the quantity of works executed. (AIN: 16844; OB No: 6.3; Accountabilities: Direct: Simple Rai, Junior Engineer, EID No.:/CID No.: 20161211753/11303002426 & M/s Tshenden Builders Pvt. Ltd., CDB No.: 7905; Supervisory: Buddhiman Darjee, AE, EID No.:/CID No.: 200807191/11109002653)

Status: Observation partially settled

The principal amount of Nu. 597,017.73 has been deposited vide receipt No.01885 dated 4/4/2022. However, 24% accumulation of penalty Nu.213,159.86 stands recoverable.

5.3. PAYMENT WITHOUT EXECUTION OF WORK - NU.0.059 MILLION

The Thromde Administration, Phuntsholing had made payments amounting to Nu.0.059 million to M/s Druk Tshenden Builders Pvt. Ltd, Tashiyangtse in the Construction of MPH, Blacktopping, compound lighting and Sewer Line connection to Sonamgang MSS. The payment was made for the work items that were not executed on sites. (AIN: 16844; OB No: 6.4; Accountabilities: Direct: Simple Rai, Junior Engineer, EID No./CID No.: 20161211753/11303002426 & M/s Tshenden Builders Pvt. Ltd., CDB No.: 7905; Supervisory: Buddhiman Darjee, AE, EID No./CID No.: 200807191/11109002653)

Status: Observation partially settled

The principal amount of Nu. 58,815.97 has been deposited vide receipt No.01886 dated 4/4/2022. However, 24% accumulated penalty of Nu.20,999.72 stnds recoverable as of date.

3.5.10. THIMPHU THROMDE

During the year, the RAA had issued three audit reports of Thimphu Thromde. There were 68 observations amounting to Nu. 23.575 million of which Nu. 6.515 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.17.060 million against Thimphu Thromde was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Thromde and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.14.796 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as of 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
1	Fraud and Corruption	4.127	-	4.127	-
3	Mismanagement	2.335	-	2.335	-
4	Non-Compliance to laws and rules	0.433	-	0.433	-
5	Shortfalls, lapses and deficiencies	7.901	-	7.901	-
	Total	14.796	-	14.796	-

The details of irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

1. FRAUD AND CORRUPTION – NU. 4.127 MILLION

The cases with elements of fraud and corruption involving Nu. 4.127 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
1.1	Payment for unexecuted works	0.119	-	0.119
1.2	Excess payment due to inflated rate	4.008	-	4.008
	Total	4.127	-	4.127

1.1. PAYMENT FOR UNEXECUTED WORK - NU.0.403 MILLION

- a) The Thromde Administration, Thimphu had made payments of Nu. 0.119 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The payment pertains to construction of wall beyond new road crossing which was not actually executed on site. The excess payment had occurred due to the failure of site engineer in exercising necessary checks on the admissibility and correctness in the amounts claimed by the contractor. (AIN: 16656; OB No: 1.6; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review. So far, no ATR response or update received and the same is awaited.

1.2. EXCESS PAYMENT DUE TO INFLATED RATE - NU. 4.008 MILLION

The Thromde Administration, Thimphu under the Bhutan Urban Development Project (BUDP-II) had made excess payment of Nu. 4.008 million to M/s Nima Construction on account of purchase of DI pipes and accessories for laying pipeline from Samtenling to three tanks at Motithang. The excess payment occurred due to acceptance of inflated rate analysis submitted by contractor and its subsequent approval without due diligence by the Thromde Administration.

As per the original invoice obtained from RRCO, Phuntsholing the actual rates of 200mm and 150mm DI pipes were Nu. 1,711.00 and Nu. 1,260.00 per meter respectively.

However, the rate analysis showed that the cost of 200mm and 150 mm DI pipes were Nu. 2,370.00 and Nu. 1,746.00 per meter respectively at Jaigaon. Further, 3% overhead charges and 2% TDS were also added in addition to the 10% contractor's profit on the analysed rates which were inadmissible for payments. (AIN: 17039; OB No: 1.4; Accountabilities: Direct: Penjor Dukpa, EE, EID No.: 2107163; Pekar Rabgay, Principal Engineer, EID No.: 9009029; Udesch Chhetri, DCAO, EID No.: 9410058; Sonam Rinzin, Procurement Officer, EID No.: 200905014; Yeshe Wangdi, CE, EID No.: 200207053; Sonam Dorjee, CAO, EID No.: 9808205; Karma Namgay, ES, EID No.: 2101058; Kinley Dorji, Thrompon, CID No.: 1141000297 & M/s Nima Construction Company Pvt., CDB No.: 1590; Supervisory: Karma Namgay, ES, EID No.: 2101058 & Kinley Dorji, Thrompon, CID No.: 1141000297)

Status: Observation Not Settled.

As the case is already referred to Anti-Corruption Commission (ACC) for investigation, RAA awaits for the updates. (Refer RAA's 1st Follow Up report No.RAA/FUCD/(7-MoIT)/Sect/2023/274, issued on 15/08/2023).

3. MISMANAGEMENT – NU. 2.335 MILLION

The cases of mismanagement involving Nu. 2.335 million is as indicated below:

3.1. WASTEFUL EXPENDITURE - NU. 2.335 MILLION

The Thromde Administration, Thimphu had made payments of Nu. 2.335 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The payment pertains to construction of 451 meters footpaths along Olarongchu which is underutilized. The lapses occurred due to lack of proper need assessment before making such investment. (AIN: 16656; OB No: 2.1; Accountabilities: Direct: Tsherng Dorji, Assistant Engineer, EID No.: 200207050; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The RAA did not receive ATR response from Thimphu Thromde as of date.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.433 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.433 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
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4.1	Damaged physical structures	0.433	-	0.433
	Total	0.433	-	0.433

4.1. DAMAGED PHYSICAL STRUCTURE - NU. 0.433 MILLION

The Thromde Administration, Thimphu had incurred Nu. 0.433 million for GSB works on existing roads and drainges works in the development of Olakha Workshop. However the GSB works were completely worn out and drainage were covered with waste and effluents from workshops. The lapses occurred due to not having proper guidelines for the ownership of the infrastructures created whereby the residents and thromde took no proprietary rights. (AIN: 16656; OB No: 2.2; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The RAA did not receive ATR response from Thimphu Thromde as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 7.901 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 7.901 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Excess Payment to Contractor	4.695	-	4.695
5.2	Inadmissible Payment	0.256	-	0.256
5.3	Outstanding Advance	0.450	-	0.450
5.4	Non-utilization of advance for intended purpose	2.500	-	2.500
	Total	7.901	-	7.901

5.1. EXCESS PAYMENT TO CONTRACTOR - NU. 4.695 MILLION

- a) The Thromde Administration, Thimphu had made excess payments of Nu. 1.295 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to overstatement of PCC pavement length and its thickness indicating failure on the part of site engineer in exercising necessary checks on the admissibility and correctness in the quantities and amounts claimed by the contractor. (AIN: 16656; OB No: 1.2; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

- b) The Thromde Administration, Thimphu had made excess payments of Nu. 1.441 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to difference in quantities of GSB works executed at site and quantities paid for, indicating failure on the part of site engineer in exercising necessary checks on the admissibility of the contractor's claims. (AIN: 16656; OB No: 1.1; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

- c) The Thromde Administration, Thimphu had made excess payments of Nu. 0.888 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to payment for 319.20m³ against 73.26m³ of precast concrete edging provided at site. (AIN: 16656; OB No: 1.3; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under

review.

- d) The Thromde Administration, Thimphu had made excess payments of Nu. 0.609 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to difference in quantities executed at site and quantities paid for execution of new road, drainage and footpath works. (AIN: 16656; OB No: 1.5; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: *Observation Not Settled.*

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

- e) The Thromde Administration, Thimphu had made excess payments of Nu. 0.257 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to difference in the width of the road claimed for and actual width executed at site. (AIN: 16656; OB No: 1.7; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: *Observation Not Settled.*

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

- f) The Thromde Administration, Thimphu had made excess payments of Nu. 0.205 million to M/s Sons Builder in the Construction of new road including side drains and retaining wall within Thimphu Thromde. The excess payment had occurred due to difference in the length of road claimed for and actual length of the road provided with GSB, WMM, Scarification, tack coat and AC works. (AIN: 16656; OB No: 5.2; Accountabilities: Direct: Tashi Kencho, CID No.: 10810000603 & M/s Sons Builders,

CDB No.: 7812; Supervisory: Kinley Namgay, ES, EID No.: 2101058 & Kinley Dorji, Thrompon, CID No.: 1141000297)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

5.2. INADMISSIBLE PAYMENT - NU. 0.362 MILLION

- a) The Thromde Administration, Thimphu had made inadmissible payments of Nu. 0.256 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The inadmissible payment had occurred due to payment for 240mm thick GSB work without providing at site, indicating failure on the part of site engineer in exercising necessary checks on the admissibility and correctness of the contractor's claims. (AIN: 16656; OB No: 1.4; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

5.3. OUTSTANDING ADVANCES - NU. 0.450 MILLION

The Thromde Administration, Thimphu had outstanding advance of Nu. 0.450 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The lapses was occurred due to suspension of works without adjusting the advance payments to the contractors. (AIN: 16656; OB No: 1.8; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation Not Settled.

The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. As per the Arbitral Tribunal, the claimant, M/s Gawainyima Construction Pvt. Ltd. is entitled for Nu.1,445,406.19 and to be paid within 30 days from the date of award, i.e. 20 July 2021.

However, RAA is not in a favour of the Arbitral Tribunal's decision and the case is under review.

5.5. NON-UTILIZATION OF ADVANCE FOR INTENDED PURPOSE - NU. 2.500 MILLION

The Thromde Administration, Thimphu had granted advance of Nu. 2.500 million to M/s Greener Way for the construction of semi-permanent building with the instruction of Gyalpoi Zimpon Office. However, the M/s Greener way had not constructed the semi-permanent building as intended. The lapses was occurred due to not having proper checks, controls and follow-up on the usage of the advance granted by the Thromde management. (AIN: 16656; OB No: 13; Accountabilities: Direct: Yeshe Wangdi, Chief Engineer, EID No.: 200207053 & M/s Greener Way, License No.: 1035610; Supervisory: Kinlay Dorji, Thrompon, CID No.: 11410000297)

Status: *Observation Not Settled.*

The RAA did not receive ATR response from the Thromde as of date.

3.6. CORPORATIONS

3.6.1. ARMY WELFARE PROJECT

During the year, the RAA had issued two audit reports of the Army Welfare Project (AWP). There were 47 observations amounting to Nu. 1.934 million which no observations amounting to Nu. 0.381 million was either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.1.553 million against AWP was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Project and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The balance unsettled irregularities of Nu.1.027 million reported to the Parliament in April 2023 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.027	-	1.027	-
	Total	1.027	-	1.027	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.1.027 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.027 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Unadjusted Insurance Premium Advance	0.125	-	0.125
5.2	Outstanding Advances to Creditors	0.429	-	0.429
5.3	Non follow-up of the debtors-	0.317	-	0.317
5.4	Non-adjustment of CWIP	0.156	-	0.156
	Total	1.027	-	1.027

5.1. UNADJUSTED INSURANCE PREMIUM ADVANCE - NU. 0.125 MILLION

The Army Welfare Project, Samtse Distillery had paid advance insurance premium amounting to Nu. 0.125 million to RICBL for the insurance of Cash-in-transit in 2018. However, neither the inception of policy took place nor was the advance insurance premium recovered. (AIN: 16856; OB No: 3.04; Accountabilities: Direct: Thinley Zangmo, Sr. Account Assistant, CID No.: 11510001238; Supervisory: Kencho Tenzin, Sr. General Manager, CID No.: 12005002296)

Status: Observation Settled.

The management had adjusted the Insurance Premium advance as per the supporting documents submitted. The observation settled based on Statutory Audit Report No. RAA(SA-01)/COAD/2023/1215 dated 29 June 2023 AIn: COAD-2023-322.

5.2. OUTSTANDING ADVANCE TO CREDITORS- NU. 0.680 MILLION

(b)The Army Welfare Project, Card Board Box Unit, Samtse Distillery had made advance payment amounting to Nu. 0.429 million to various creditors for the purchase of spare

parts and raw materials. However, the advances remained unadjusted for more than a year. (AIN: 16856; OB No: 4.02; Accountabilities: Direct: Tshering Wangchuk, Account Assistant -II, CID No.: 11410006789; Supervisory: Bhim Bdr Tamang, Sr. Manager, CID No.: 11802001760)

Status: Observation Not Settled.

To be reviewed during the next audit. To this, the follow up reminder was issued vide RAA/FLSD (20-Corp-SA)/AWPL/2023/635 dated 12/10/2023.

5.3. NON FOLLOW-UP OF THE DEBTORS - NU. 0.317 MILLION

The Army Welfare Project, Card Board Box Unit, Samtse Distillery had receivables amounting to Nu. 0.317 million from various debtors. However, the debtors account is outstanding for more than a year. The lapses were due to lack of efficient system of follow-up action of its debtors. (AIN: 16856; OB No: 4.01; Accountabilities: Direct: Tshering Wangchuk, Account Assistant -II, CID No.: 11410006789; Supervisory: Bhim Bdr Tamang, Sr. Manager, CID No.: 11802001760)

Status: Observation Not Settled.

To be reviewed during the next audit. To this, the follow up reminder was issued vide RAA/FLSD (20-Corp-SA)/AWPL/2023/635 dated 12/10/2023.

5.4. NON ADJUSTMENT OF CWIP - NU.0.156 MILLION

The Army Welfare Sawmill, Thimphu had unadjusted Capital Work in Progress (CWIP) amounting to Nu. 0.156 million on account of fencing works which could not be completed due to land boundary dispute. The CWIP has been carried forward since 2014. (AIN: 16856; OB No: 5.02; Accountabilities: Direct: Karma Tshewang, Adm. Officer, CID No.: 10905004091; Supervisory: Mithey Dukpa, Sr. Manager, CID No.: 1080201256)

Status: Observation Not Settled.

To be reviewed during the next audit. To this, the follow up reminder was issued vide RAA/FLSD (20-Corp-SA)/AWPL/2023/635 dated 12/10/2023.

3.6.4. BHUTAN POSTAL CORPORATION LIMITED

During the year, the RAA had issued one audit report of the Bhutan Postal Corporation Limited (Bhutan Post). There were nine observations amounting to Nu. 1.782 million of which no observations were resolved as of 31 January 2021 and no observation was disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.1.782 million against Bhutan Post was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Corporation and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the balance unsettled irregularities of Nu.0.802 million reported to the Parliament in April 2023; irregularities of Nu.0.130 million was settled leaving unsettled balance of Nu. 0.672 million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.802	0.130	0.672	16.21
	Total	0.802	0.130	0.672	16.21

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.672 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.672 million are as indicated below:

5.2. OUTSTANDING TRADE & OTHER RECEIVABLES - NU. 0.672 MILLION

- a) The Bhutan Post, Thimphu had outstanding International mail revenue receivables amounting to Nu. 0.616 million. Some of the receivables were outstanding since 2013. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. *(AIN: 16833; OB No: 3.1; Accountabilities: Direct: Chandra Maya Chettri, Postal Assistant, POD; CID No.: 10205000510; Supervisory: Jigme Tenzin, Offtg. CEO (Head, POD), CID No: 10712002191)*

Status: *Observation partially settled*

Out of Nu.616,000.00; Nu.610,776 was settled leaving a balance of Nu.5,223.10 as shared vide the Follow-up Report No. RAA/FUCD/(SA-13)/BPCL/2022/1818 dated 10/10/2022.

The balance amount of Nu. 5,223.10 needs to be recovered and adjusted in the latest Follow-up reminder issued vide letter No. RAA/FLSD(20-Corp-SA)BPCL/2023/414 dated 07/09/2023.

- b) The Bhutan Post, Thimphu, Philately Division had outstanding revenue receivables amounting to Nu. 0.227 million. Some of the receivables were outstanding since

2015. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. (AIN: 16833; OB No: 3.2; Accountabilities: Direct: Reeta Gurung, Accountant, Philately Division; CID No.: 11216004454; Supervisory: Norbu Zangmo Dorji, Head, Philately Division, CID No.: 11107000167)

Status: Observation Not Settled.

Follow up letter sent vide letter No. RAA/FUCD/(SA-13)/BPCL/2022/1818 dated 10/10/2022. This case was investigated by ACC and currently with the OAG.

The amount of Nu. 333,932.50 stands recoverable as of date despite serving a follow up reminder vide RAA/FLSD(20-Corp-SA)BPCL/2023/414 dated 07/09/2023.

- c) The Bhutan Post, Thimphu had outstanding rent receivables from the building located at Phuntsholing amounting to Nu. 0.409 million. The receivable on account of rents was for the year 2018. The lapses occurred due to lack of effective follow-up system on the receivables and its tenants. (AIN: 16833; OB No: 3.3; Accountabilities: Direct: Kinley Wangchuk, Accountant, Phuntsholing GPO; CID No.: 11105004651; Supervisory: Damcho Tshering, Regional Head, Phuntsholing, CID No: 11003000041)

Status: Observation Partially Settled

Out of Nu.409,000; a sum of Nu. 98,000.00 was adjusted based on the Follow-up letter No. RAA/FUCD/(SA-13)/BPCL/2022/1818 date 10/10/2022 leaving balance of Nu. 311,000.00

Nu. 130,000.00 was adjusted leaving balance of Nu. 181,000.00 requiring to be recovered at the earliest. To this, Follow up reminder vied RAA/FLSD(20-Corp-SA)BPCL/2023/414 dated 07/09/2023 was served.

- d) The Bhutan Post, Thimphu, Fedex Unit had outstanding revenue receivables amounting to Nu. 0.311 million. Some of the receivables were outstanding since 2016. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. (AIN: 16833; OB No: 3.4; Accountabilities: Direct: Kezang Choden, Accountant, POD; CID No.: 11508002470; Supervisory: Jigme Tenzin, Head, POD, CID No: 10712002191)

Status: Observation Partially Settled

Out of Nu.311,000; a sum of Nu. 51,935.00 was adjusted based on Audit Report No. RAA/(SA-03)/COAD/2022/1255 AIN: COAD-2022-304 leaving a balance of Nu. 259,065.00 as of date. A Follow-up letter has been sent vide RAA/FUCD/(SA-13)/BPCL/2022/1818 date 10/10/2022.

The balance amount of Nu. 259,065.00 stands recoverable. To this, the follow up reminder vide letter No. RAA/FLSD(20-Corp-SA)BPCL/2023/414 dated 07/09/2023 was issued.

3.6.5. BHUTAN POWER CORPORATION LIMITED

During the year, the RAA had issued four audit reports of the Bhutan Power Corporation Limited (BPCL). There were 21 observations amounting to Nu. 80.575 million of which Nu. 79.973 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.0.602 million against BPCL was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Corporation and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularity of Nu.0.602 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	0.602	-	0.602	-
	Total	0.602	-	0.602	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

2. EMBEZZLEMENT – NU.0.602 MILLION

The case of embezzlement involving Nu.0.602 million is as indicated below:

2.1. NON-RECOVERY OF MISAPPROPRIATED FUND - NU. 0.602 MILLION

The Accountant of Electricity Service Division (ESD), Paro, BPCL had misappropriated funds amounting to Nu. 0.602 million during the year 2015 and 2016. Despite the findings from internal auditor, the amount was not recovered from the accountant who is under suspension. The case was forwarded to ACC where it could not be investigate due to other ongoing investigations. (AIN: 16755; OB No: 2.1; Accountabilities: Direct: Jigme, Sr. Manager, CID No.: 10808002095; Supervisory: Jigme, Sr. Manager, CID No.: 10808002095)

Status: Observation Not Settled.

Nu. 530,758.00 deposited as per the court judgement. However, the observation remaned unresolved as the case was under the purview of the ACC.

3.6.8. DRUK GREEN POWER CORPORATION

During the year, the RAA had issued three audit report of the Druk Green Power Corporation (DGPC). There were 19 observations amounting to Nu. 22.820 million of which observations amounting to Nu. 15.322 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu.7.498 million against DGPC was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with DGPC and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularity of Nu.0.899 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.899	-	0.899	-
	Total	0.899	-	0.899	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES & DEFICIENCIES - NU. 0.899 MILLION

5.1. UNADJUSTED DEBTOR BALANCES - NU. 0.899 MILLION

- a) The Druk Green Power Corporation had receivables amounting to Nu. 0.980 million against SAP implementation - PHPA and Geological mapping fees - Tango monastery restoration. The receivables had been unadjusted since 2017. The lapses occurred due to not having proper checks, controls and follow-up system over receivables. *(AIN: 16821; OB No: 2; Accountabilities: Direct: Yeshey Wangchuk, Finance Officer, CID No.: 11205001809; Yeshi Jamtsho, Finance Officer, CID No.: 10205004398 & Dodo, Finance Officer, CID No.: 10502000891); Supervisory: Namgay Wangdi, Head, Central Accounts, CID No.: 10603001557)*

Status: *Observation Not Settled.*

The balance amount of Nu. 898,603.00 stands recoverable as of date despite serving the follow up reminder vide RAA/FLSD(20-Corp-SA)/DGPCL-S/2023/636 dated 12/10/2023.

3.6.10. FARM MACHINERY CORPORATION LIMITED

During the year, the RAA had issued two audit reports of the Farm Machinery Corporation Limited (FMCL). There were 11 observations amounting to Nu. 3.720 million of which no observations were resolved by 31 January 2021 and no observations were disqualified for inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu.3.720 million against FMCL was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with FMCL and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the unsettled balance irregularities of Nu.0.451 million reported to the Parliament in April 2023, remained million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	0.451	-	0.451	-
	Total	0.451	-	0.451	-

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

2. EMBEZZLEMENT – NU.0.451 MILLION

The cases with elements of embezzlement involving Nu. 0.451 million is as indicated below:

2.1. REVENUE SHORTAGE - NU. 0.451 MILLION

The Farm Machinery Corporation Limited (FMCL), Paro had a shortage of revenue amounting to Nu. 0.451 million generated from the sale of POL. The sales were manipulated by overwriting the dates on the cash memos by the POL station dealing official. The amount is not yet recovered and the administrative action is also pending. *(AIN: 17012; OB No.:1; Accountabilities: Direct: Sonam Tshering, POL Manager, CID No.: 10807000110; Supervisory: Yeshi Choden, Regional Manager, EID No.: 11009001198)*

Status: *Observation Not Settled.*

The recovery of amount by FMCL is noted. However the recovered amount must be deposited into Audit recovery Account. Until such time, the para shall stand unresolved.

3.6.13. SARPANG LAYER CORPORATIVE

During the year, the RAA had issued one audit report of the Sarpang Layer Corporative (SLC). There were eight observations amounting to Nu. 3.568 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified from inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu.3.568 million against SLC was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Cooperative and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.0.597 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.513	-	0.513	-
5	Shortfalls, lapses and deficiencies	0.084	-	0.084	-
	Total	0.597	-	0.597	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.513 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.484 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Excess Payment of house rent	0.091	-	0.091
4.2	Unreconciled closing fund balance	0.422	-	0.422
	Total	0.513	-	0.513

4.1. EXCESS PAYMENT OF HOUSE RENT – NU. 0.091 MILLION

The Sarpang Layer Cooperative, Dekiling had made excess payment of Nu. 0.091 million towards hiring an office space. The house rent was for two years from January 2014 till

December 2015 at Nu. 5,000.00 per month. Although the total house rent should have been Nu.120,000.00, the house owner Mr. Sonam Dorji was paid Nu. 210,697.00. The lapses occurred due to not having proper check and controls in the payment of house rent to the landlord. The case is with the Royal Court of Justice. (AIN: 16898; OB No.1; Accountabilities: Direct: Prem Kr. Rasaily, Former Secretary, CID No.: 11803000622; Supervisory: San Bdr. Subba, Former Chairman, CID No.: 11311000868)

Status: Observation Not Settled.

The observation is not settled as of date despite serving the follow up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0353 dated 18 May 2023.

4.2. UNRECONCILED CLOSING FUND BALANCE – NU. 0.422 MILLION

The Sarpang Layer Cooperative, Dekiling had unreconciled closing fund balance amounting to Nu. 0.422 million. The lapses occurred due to not having proper system of handing & taking of the accounts while official leaves the offices. (AIN: 16898; OB No.3; Accountabilities: Direct: Prem Kr. Rasaily, Former Secretary, CID No.: 11803000622; Supervisory: San Bdr. Subba, Former Chairman, CID No.: 11311000868)

Status: Observation Not Settled.

The observation is not settled as of date despite serving the follow up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0353 dated 18 May 2023.

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 0.084 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.084 million is as indicated below:

5.1. OUTSTANDING ADVANCES/LOANS - NU. 0.084 MILLION

The Sarpang Layer Cooperative, Dekiling had outstanding advance/loans amounting to Nu .0.084 million. The outstanding advance/loans pertains to the loans released to its members during the year 2014 to 2016. The lapses occurred due to not having proper system of follow-up and recovery of the loans from its members. (AIN: 16898; OB No.2; Accountabilities: Direct: Prem Kr. Rasaily, Former Secretary, CID No.: 11803000622; Supervisory: San Bdr. Subba, Former Chairman, CID No.: 11311000868)

Status: Observation Not Settled.

The observation is not settled as of date despite serving the follow up reminder vide letter No. RAA/OAAG(T)/FUS-02/2022-2023/0353 dated 18 May 2023.

3.6.14. STATE TRADING CORPORATION OF BHUTAN LIMITED

During the year, the RAA had issued two audit reports of the State Trading Corporation of Bhutan Limited (STCBL). There were 18 observations amounting to Nu. 150.054 million of which observations amounting to Nu. 0.074 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu.149.980 million against STCBL was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with STCBL and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the balance unsettled irregularities of Nu. 2.001 million reported to the Parliament in April 2023; irregularities of Nu.0.765 million was settled leaving a balance of Nu.1.236 million as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31 March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	2.001	0.765	1.236	38.23
	Total	2.001	0.765	1.23600	38.23

The details of unsettled irregularity reported to the Parliament in April 2023, irregularities resolved thereafter and the unresolved ones as of 29 February 2024 are as discussed below.

2. EMBEZZLEMENT – NU.1.236

The case of embezzlement involving Nu. 1.236 million is as indicated below:

2.1. NON-ACCOUNTAL OF REVENUE - NU. 1.747 MILLION

- a) The STCBL, TATA Division had not accounted revenue amounting to Nu. 0.254 million against Mr. Langa C/o Cheki Wangmo Transport. The revenue was for the penal interest of 24% as Mr. Langa, C/o Cheki Wangmo Transport had failed to pay the installments on time for the purchase of vehicles on the installment basis. The lapses occurred due to the failure to impose and collect liable penalties from the party by the dealing official. *(AIN: 16823; OB No: 6.2; Accountabilities: Direct: Pema Yangchen, Dy. Manager, TATA Division, CID No.: 10706002399; Supervisory: Ugyen chada, General Manager, TATA Division, CID No.: 11102004710)*

Status: Observation Settled.

First follow-up was done vide letter No. RAA/FUCD(SA-39)STCBL/2022/1841 dated 13/10/2022. However, the observation was settled based on Statutory Audit Report No. RAA/(SA-21)/COAD/2023/834 dated 8 May 2023 AIN: COAD-2023-200.

- b) The STCBL, TATA Division had not accounted revenue amounting to Nu. 0.112 million against M/s Choden Transport & M/s Tag Sing Chung Druk Construction Private Limited. The revenue was for the penal interest of 24% as the parties had failed to pay the service bill within 30 days and had defaulted by 5688 days and 1244 days respectively. The lapses occurred due to the failure to impose and collect liable penalties from the parties by the dealing official. (AIN: 16823; OB No: 6.3; Accountabilities: Direct: Seep Jonee Uraon, Manager, Service, TATA Division, CID No.: 11204004671; Supervisory: Ugyen chada, General Manager, TATA Division, CID No.: 11102004710)

Status: *Observation Settled.*

Based on Statutory Audit Report No. RAA/(SA-21)/COAD/2023/834 dated 8 May 2023 AIN: COAD-2023-200. The para was considered as settled.

- c) The STCBL, Eicher Division had not accounted revenue amounting to Nu. 1.236 million against M/s Rigsar Construction & M/s Biky Construction. The revenue was for the penal interest of 24% as the parties had failed to pay the installments on time for the purchase of vehicles on the installment basis. The lapses occurred due to the failure to impose and collect liable penalties from the parties by the dealing official. (AIN: 16823; OB No: 7.3; Accountabilities: Direct: Pema Chozom, Dy. Manager, Eicher Division, CID No.: 12003001435; Supervisory: Sonam Nyeanda, General Manager, Eicher Division, CID No.: 10715000891)

Status: *Observation Not Settled.*

(a) The management is pursuing with M/s Rigsar Construction for payment and will ensure that the issue is resolved before 31st December 2023. (b) Resolved. The management should intimate the latest status to RAA. The latest follow up reminder vide RAA/FLSD(20-Corp-SA)/STCBL/2023/595 dated 06/10/2023 was served.

- d) The STCBL, Apollo Tyres Division had not accounted revenue amounting to Nu. 0.399 million against various parties. The revenue was for the penal interest of 24% as the parties had failed to make the payment on time. The lapses occurred due to the failure to impose and collect liable penalties from the parties by the dealing official. (AIN: 16823; OB No: 8; Accountabilities: Direct: Damchu Wangchuk, Manager, Eicher Division, CID No.: 10902000114; Supervisory: Sonam Nyeanda, General Manager, Eicher Division, CID No.: 10715000891)

Status: *Observation Settled.*

The final account balances for Apollo Tyres customers, along with the waiver of penal interest, were determined during the 146th minute of the Board Meeting. The observation settled based on Statutory Audit Report No. RAA/(SA-21)/COAD/2023/834 dated 8 May 2023 AIN: COAD-2023-200.

3.7. FINANCIAL INSTITUTIONS

During the year, Financial Institutions had unresolved irregularities as follows:

3.7.1. BHUTAN DEVELOPMENT BANK LIMITED

During the year, the RAA had issued four audit reports of the Bhutan Development Bank Limited (BDBL). There were 101 observations amounting to Nu. 321.638 million of which observations amounting to Nu. 10.617 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu.311.021 million against BDBL was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with BDBL and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the irregularities of Nu.303.134 million reported to the Parliament in April 2023, Nu.9.578 million was settled leaving unsettled balance of Nu. 293.556 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	3.643	-	3.643	-
5	Shortfalls, lapses and deficiencies	299.491	9.578	289.913	3.20
	Total	303.134	9.578	293.556	3.16

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.643 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.643 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
4.1	Sanction of additional loans without legitimate documents	1.300	-	1.300
4.2	Loan appraisal and sanction by same official	0.700	-	0.700
4.3	Over Valuation of Collateral Security	0.700	-	0.700
4.4	No signature in loan agreement	0.943	-	0.943
	Total	3.643	-	3.643

4.1. SANCTION OF ADDITIONAL LOANS WITHOUT LEGITIMATE DOCUMENTS – NU. 1.300 MILLION

The BDBL Branch Office, Bumthang had sanctioned additional loan amounting to Nu.1.300 million to Mr. Minjur bearing CID No.: 10103001736 without any legitimate documents. The loan amounting to Nu. 0.500 million was disbursed in 2016 without any loan application documents and the amount was credited to the saving account of Mr. Lodoe Rinchen. Further, Nu. 0.800 million was disbursed in 2017 to Mr. Minjur without any loan application. The lapses had occurred due to the failure to comply with the loan appraisal and sanctioning procedures. (AIN: 16879; OB No.:1.10.1; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

4.2. LOAN APPRAISAL AND SANCTION BY SAME OFFICIAL – NU. 0.700 MILLION

The BDBL Branch Office, Bumthang had sanctioned personal loan amounting to Nu. 0.700 million to Mr. Minjur bearing CID No.: 10103001736 and was appraised and approved by Ms. Kinley Choki. Further, Loan agreement and loan disbursement memo were also approved and signed by Ms. Kinley Choki. The lapses occurred due to not having proper checks, controls and monitoring over loan appraisal and approval process. (AIN: 16879; OB No.:1.10.4; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

4.3. OVER VALUATION OF COLLATERAL SECURITY – NU. 0.700 MILLION

The BDBL Branch Office, Bumthang had sanctioned personal loan amounting to Nu. 0.700 million to Mrs. Karma Choki bearing CID No.: 10101000460 mortgaging 6334 sq. ft land as collateral security. The collateral security was overvalued by application of higher rates than the rates issued by the Property Assessment and Valuation Agency,

Ministry of Finance. (AIN: 16879; OB No.:1.11.1; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

4.4. NO SIGNATURE IN LOAN AGREEMENT – NU. 0.943 MILLION

The BDBL Branch Office, Bumthang had sanctioned employee loan amounting to Nu. 0.500 million without the signature of the clients and the witness. Further, no CID copies of the client and the witness were maintained. The employee loan was disbursed on 29 June 2014 and the outstanding loan balance amounted to Nu. 0.943 million as of September 2020. The lapses occurred due to not having proper checks, controls and monitoring over loan appraisal and approval process. (AIN: 16879; OB No.:1.12.3.1; Accountabilities: Direct: Tshering Dema, CID No.: 11701000199; Supervisory: Parasha Bhandari, CID No. 11306001543)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 289.913 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 289.913 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31 March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Missing Loan files	2.997	-	2.997
5.2	Issuance of no objection certificate before liquidation of loan	0.115	-	0.115
5.3	Huge case of defaulted loans	145.818	-	145.818
5.4	Term Expired defaulted loans	39.582	-	39.582
5.5	Pending court registration for defaulted loans	82.803	-	82.803
5.6	Non-liquidation of loan after even court verdict	0.676	-	0.676
5.7	Defaulted Personal Loan	0.462	-	0.462
5.8	Defaulted Overdraft Loan	1.500	-	1.500
5.9	Outstanding Loans	25.538	9.578	15.960
	Total	299.491	9.578	289.913

5.1. MISSING LOAN FILES – NU. 2.997 MILLION

The BDBL Branch Office, Bumthang had sanctioned several loans aggregating to Nu. 2.997 million from 2012 till 2017. However, the related loans files were missing and the aggregated loan outstanding amounts to Nu. 2.997 million as of September 2020. The

lapses occurred due to poor custody, improper storage of the vital documents and handing-taking procedure when official goes on transfer. (AIN: 16879; OB No.:1.1; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5.2. ISSUANCE OF NO OBJECTION CERTIFICATE BEFORE LIQUIDATION OF LOAN – NU. 0.115 MILLION

The BDBL Branch Office, Bumthang had issued no objection certificate to the client for resignation without actually liquidating the loan. The employee loan amounting to Nu. 0.065 million was sanctioned on 27 September 2013. However, the client had defaulted the loan repayment by 1954 days and overdue amounted to Nu. 0.115 million as of 13 August 2019. The lapses was due to not having proper checks, controls and monitoring over issuance of no objection certificate. (AIN: 16879; OB No.:1.12.1; Accountabilities: Direct: Parasha Bhandari, CID No.: 11306001543; Supervisory: Tashi, CID No. 11914001408)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5.3. HUGE CASES OF DEFAULTED LOANS – NU. 145.818 MILLION

The BDBL Branch Office, Bumthang has 314 loan accounts amounting to Nu. 145.818 million being categorized under defaulted loans. The period of default ranges from 91 days to more than 540 days. The lapses occurred due to sanctioning of loans without proper evaluation and not having efficient follow-up process. (AIN: 16879; OB No.:2.1; Accountabilities: Direct: Gyem, CID No.: 11401000721; Ngawang Tashi, CID No.: 11606003102; Lungten Jamtsho, CID No.: 10906000544; Tenzin Wangchuk, CID No.: 11606002431 & Tenzin Pelden, CID No.: 10809000104; Supervisory: Sonam Wangchuk, CID No. 11506002773)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5.4. TERM EXPIRED DEFAULTED LOANS – NU. 39.582 MILLION

The BDBL Branch Office, Bumthang has several term loans, working capital loans and overdraft loans amounting to Nu. 29.765 million which had been defaulted and loan terms expired. The total outstanding balance amounts to Nu. 39.582 million as of September 2019. The loans had been outstanding from 45 days to more than 2864 days from its actual loan term requiring serious follow-up. (AIN: 16879; OB No.:2.2; Accountabilities: Direct: Gyem, CID No.: 11401000721; Ngawang Tashi, CID No.:

11606003102; Lungten Jamtsho, CID No.: 10906000544; Tenzin Wangchuk, CID No.: 11606002431 & Tenzin Pelden, CID No.: 10809000104; Supervisory: Sonam Wangchuk, CID No. 11506002773)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5.5. PENDING COURT REGISTRATION FOR DEFAULTED LOANS – NU. 82.803 MILLION

The BDBL Branch Office, Bumthang has several loan accounts amounting to Nu. 82.803 million That had been seriously defaulted awaiting registration with the court of law as of August 2019. The overdue ranges from 105 days to 2864 days. The lapses occurred due to not having proper follow-up action against the defaulters. (AIN: 16879; OB No.:2.3; Accountabilities: Direct: Tshering Demi, CID No.: 11701000199; Supervisory: Parish Bhandari, CID No. 11306001543)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5.6. NON-LIQUIDATION OF LOAN EVEN AFTER COURT VERDICT – NU. 0.676 MILLION

The BDBL Branch Office, Bumthang had sanctioned and disbursed agriculture loan amounting to Nu. 0.500 million with 0.66 acres land under Thram No.: 2539 as the collateral security. However, the loan was not liquidated even after lapse of 1225 days from the court judgment nor the collateral security was seized from the clients. The total loan outstanding amounted to Nu. 0.676 million as of 13 August 2019. The lapses occurred due to not having proper guidelines and procedures to follow if the clients fails to comply with the court verdict. (AIN: 16879; OB No.:2.4.1; Accountabilities: Direct: Wangdila, CID No.: 11606001461; Supervisory: Nima Choezang, CID No. 10902001754)

Status: Observation Not Settled.

The observation remains unsettled as of 29 February 2024.

5.7. DEFAULTED PERSONAL LOAN – NU. 0.462 MILLION

The BDBL Branch Office, Bumthang had sanctioned two personal loans amounting to Nu. 1.000 million (Nu.0 .500 million each). The loan had been defaulted by 2014 days and 2010 days as of 13 August 2019. The total outstanding balance amounts to Nu. 0.462 million. The lapse occurred due to lack of proper and prompt follow-up system. The cases are with the Royal Court of Justice. (AIN: 16879; OB No.:2.5.1; Accountabilities: Direct: Wangdila, CID No.: 11606001461; Supervisory: Nima Choezang, CID No. 10902001754)

Status: *Observation Not Settled.*

The observation remains unsettled as of 29 February 2024.

5.8. DEFAULTED OVERDRAFT LOAN – NU. 1.500 MILLION

The BDBL, Bumthang branch had sanctioned OD loan amounting to Nu. 1.500 million without complete documentations. The lapse was due to lack of proper checks and controls over loan appraisals and sanctions of loans. The case was registered with the court and court verdict was issued to liquidate the loan by the end of November 2019. (AIN: 16879; OB No.:1.8.1; Accountabilities: Direct: Kinley Choki, EID No.: BD0461; Supervisory: Tashi, CID No.: 11914001408)

Status: *Observation Not Settled.*

The observation remains unsettled as of 29 February 2024.

5.9. OUTSTANDING LOANS – NU. 25.538 MILLION

The BDBL had outstanding loans amounting to Nu. 33.425 million against various clients. The outstanding loans ranges from 91 days to 9056 days. The lapses occurred due to lack of proper follow-up system for the recovery of the loans. (AIN: 16543; OB No.: 1; Accountabilities: Direct: Bir Maya Chhetri, Credit Assistant, CID No.: 10211000913; Pema Samba, Credit Officer, CID No.: 11307001027 & Jigme Tenzin, Credit Assistant, CID No.: 10104001031; Supervisory: Penjor, BM, CID No.: 12004000108)

Status: *Observation Not Settled.*

Out of Nu.33.425 million a sum Nu.7.887 million was dropped based on the supporting documents submitted vide letter No.BDBL/SPG/10/2020/338 dated 14/10/2020 leaving a balance amount of Nu.25.538 million and the list of outstanding balance sumitted to BDBL HO Thimphu via email on 01/03/2023.

However, the recoverable outstanding Loan stands at Nu. 15,960,271.35 as of 18/05/2023. To this, the Follow up reminder vide RAA/OAAG(T)FUS-02/2022-2023/0367 dated 25 /05/2023 was served.

3.7.2. BANK OF BHUTAN LIMITED

During the year, the RAA had issued three audit reports of the Bank of Bhutan Limited (BoBL). There were 10 observations amounting to Nu. 160.442 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified from inclusion in the AAR 2020. The significant irregularities amounted to Nu. 160.442 million as summarised below:

The significant unresolved irregularities amounting to Nu.160.442 million against BoBL was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Bank and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the irregularities of Nu.157.690 million reported to the Parliament in April 2023, Nu.3.439 million was settled leaving a balance of Nu.154.251 million unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	157.690	3.439	154.251	2.18
	Total	157.690	3.439	154.251	2.18

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 154.959 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 154.959 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Overdraft facility for Insurance premium payment	2.731	2.731	-
5.2	Overdue loans	147.954	-	147.954
5.3	Term Expired Loans	7.005	0.708	6.297
	Total	157.69	3.439	154.251

5.1. INELIGIBLE OVERDRAFT FACILITY FOR INSURANCE PREMIUM PAYMENT - NU. 2.731 MILLION

The BoBL Branch Office, Trongsa had facilitated overdraft facilities amounting to Nu. 2.731 million (including interest of Nu.0.608 million) for the payment of insurance premium to RICBL for the insurance of View Point Resort, Trongsa from 2014 till 2020. The actual amount paid as premium amounts to Nu. 2.123 million. The lapses was due to not having clear policies regarding the eligibility of overdraft facilities. (AIN: 16954; OB No.:1.1; Accountabilities: Direct: Kalpana Sunwar, Loan Officer, EID/CID No. 2366/11208000474; Supervisory: Yeshi Wangmo, Branch Manager, EID/CID No.2173/11504003826)

Status: Observation Settled.

Serial No.05, In case of Mr.Tenzin Wangchuk, a sum of Nu.2,752,185.10 was recovered or collected by the BOBL, Trongsa as per letter No.150/40/audit/2021/69 dated 08/04/2021, a copy of details submitted to the RAA and with serving of Follow-up Report issued vide RAA-BT/Fus-01/2021/496 dated 08/04/2021, the para was resolved.

5.2. OVERDUE LOANS - NU. 147.954 MILLION

The BoBL Branch Office, Trongsa had outstanding loans and advances of Nu. 147.954 million against 9 clients. The loans were due ranging from 91 days to 1800 days. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. (AIN: 16954; OB No.: 1.2; Accountabilities: Direct: Kalpana Sunwar, Loan Officer, EID/CID No. 2366/11208000474; Supervisory: Yeshi Wangmo, Branch Manager, EID/CID No.2173/11504003826)

Status: *Observation Not Settled.*

The observation remains unsettled as of 29 February 2024.

5.3. TERM EXPIRED LOANS - NU. 7.005 MILLION

- a) The BoBL Branch Office, Trongsa had outstanding loans and advances of Nu. 9.049 million against 7 clients whose loan term had expired. The loans were due ranging from 93 days to 2590 days or more. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. (AIN: 16954; OB No.:1.3; Accountabilities: Direct: Kalpana Sunwar, Loan Officer, EID/CID No. 2366/11208000474; Supervisory: Yeshi Wangmo, Branch Manager, EID/CID No.2173/11504003826)

Status: *Observation Not Settled.*

Out of Nu.9.049 million; Nu.2.752 million settled against Tenzin Wangchuk as per the letter No.150/40/audit/2021/69 dated 08/04/2021 leaving a balance of Nu.6.297 million as of date. As per the updates in AIMS, the observation remains unsettled as of 29 February 2024.

- b) The BoBL Branch Office, Zhemgang had outstanding loans and advances of Nu. 0.708 million against 2 clients whose loan term had expired. The cases are with the Royal Court of Justice. (AIN: 16953; OB No.:1.1; Accountabilities: Direct: Sita Mongar, Loan Officer, EID/CID No.: 2625/11810002108; Supervisory: Sonam Gyeltshen, Branch Manager, EID/CID No.: 1302/11008000068)

Status: *Observation Settled.*

The observation resolved as per letter No.018/39/Loans/92 dated 02/08/2022 as per Loan clearance certificate issued to Mr.Tashi wangdi and based on the decision of Courts verdict vide No.Zhemgang court/14/2022/252 dated 21/07/2022 as the Loan has been closed & resolved.

3.7.3. ROYAL INSURANCE CORPORATION LIMITED

During the year, the RAA had issued one audit reports of the Royal Insurance Corporation of Bhutan Limited (RICBL). There was ofe observations amounting to Nu. 183.445 million of which no observations were resolved as of 31 January 2021 and no observation was disqualified from inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 183.445 million against RICBL was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Corporation and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.183.445 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)
5	Shortfalls, lapses and deficiencies	183.445	-	183.445
	Total	183.445	-	183.445

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.183.445 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 183.445 million are as indicated below:

5.1. OVERDUE LOANS - NU. 183.445 MILLION

The RICBL, Branch Office, Bumthang had outstanding loans and advances of Nu. 183.445 million against 7 clients. The loans were due ranging from 120 days to 425 days and more. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. (AIN: 16603; OB No.:1.1; Accountabilities: Direct: Karma, Branch Manager, EID No.: 114636; Supervisory: Kinzang Dorji, General Manager, EID No.: 114515)

Status: Observation Not Settled.

No response was received from the management as of 29 February 2024.

3.8. NON-GOVERNMENTAL ORGANISATIONS

During the year, Non-Governmental Organisations had unresolved irregularities as follows:

3.8.3. MUSIC OF BHUTAN RESEARCH CENTRE

During the year, the RAA had issued one audit report of Music Bhutan Research Centre (MBRC). There were one observations amounting to Nu. 4.550 million of which no observation was resolved as of 31 January 2021 and no observation was disqualified from inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu. 4.550 million against MBRC was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Centre and review status of the irregularities as of 31 March 2023 was submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu.4.550 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	4.550	-	4.550	-
	Total	4.550	-	4.550	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.4.550 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 4.550 million is as indicated below:

5.1. NON-TRANSFER OF LAND OWNERSHIP – NU. 4.550 MILLION

The Music of Bhutan Research Centre, Thimphu had purchased by paying Nu. 4.550 million for 57.30 decimal land under Thram No.: 1924; Plot No.: NEW-7112 at Wangsisina, Thimphu from Mrs. Choki bearing CID No.: 11407001644 in 2015. However, the land ownership had not been transferred in the name of MBRC. The land ownership couldn't be transferred as of the family is underaged and attain the age of maturity by 2021. (AIN: 16584; OB No.: 1; Accountabilities: Direct: Karma Zangmo,

Finance Officer, CID No.: 10902001246; Supervisory: Sonam Dorji, Executive Director, CID No.: 11302000771)

Status: Observation Not Settled.

The MBRC management should initiate transferring of ownership of land in the name of MBRC and intimate the Royal Audit Authority of the ownership change. The follow-up reminder vide RAA/FLSD(23-NGO)/MBRC-80/2023/583 dated 04/10/2023 was served.

3.8.5. TSHOKEY DORJI FOUNDATION

During the year, the RAA had issued one audit report of Tshokey Dorji Foundation (TDF). There were two observations amounting to Nu. 34.423 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified from inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 34.423 million against TDF was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with the Foundation and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. Out of the irregularities of Nu. 19.693 million reported to the Parliament in April 2023, Nu.17.403 remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	19.693	2.290	17.403	11.63
	Total	19.693	2.290	17.403	11.63

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unsettled as of 29 February 2024 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 17.403 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 17.403 million is as indicated below:

5.1. WRITEOFF OF TEMPORARY LENDING– NU.34.423 MILLION

The Tshokey Dorji Foundation (TAF), had lent Nu. 34.423 million to Lhodra Kharchu Dratshang, Bumthang to finance the construction works at Kharchu Dratshang and at Gelephu. The money was lent based on Board approval since 2011. The Board based on

the request from Kharchu Dratshang had approved to write-off temporarily the lent amount of Nu. 29.000 million in 22nd Board meeting. However, Board decided to review the resolution in upcoming Board meetings. (AIN: 16447; OB No.: 1; Accountabilities: Direct: Dechen Wangdi, BOD, CID No.: 11513002337; Supervisory: Sithar Dorji, Vice President, CID No.: 11306002455)

Status: Observation Not Settled.

Out of Nu.34.423 million; Nu. 14.730 millions was recovered leaving a balance of Nu. 19.693 millions as of 31 March 2023 as intimated vide TDF/AR/17/2021/414 dated 05/11/2021. And also Nu.66,30,000.00 has been refunded by Kharchu Dratshang leaving the balance of Nu.20,793,093.00 as intimated vide TDF/AR/17/2021/407 dated 14/09/2021 along with bank statement.

Further, the recovery of Nu. 7.000 millions to TDF has been verified during the current audit and Foundation should expedite the recovery of balance amount of Nu. 27.42 million and intimate RAA accordingly. To this, the Follow-up reminder vide letter No. RAA/FUCD(F79)/TDF/2022/1003 dated 23/06/2022 was served.

As of 29 February 2024, the balance of Nu.17,403,093.00 stands recoverable.

3.8.7. SAMPHELLING MEDAY GONOR GONGPHEL DETSHEN, CHHUKHA

During the year, the RAA had issued one audit report of the Samphelling Meday Gonor Gongphel Detshen (SMGGD), Chhukha. There were 16 observations amounting to Nu. 11.363 million of which observations amounting to Nu.3.733 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu. 7.590 million against SMGGD was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted several follow-up with SMGGD and review status of the irregularities as of 31 March 2023 submitted to the 7th Session of the third Parliament in April 2023. The irregularities of Nu. 7.590 million reported to the Parliament in April 2023, remained unsettled as of 29 February 2024 as shown in the table below.

Ref. No.	Description of Ref. in brief	Irregularities reported as on 31March 2023 (Nu.M)	Settled/ Resolved (Nu.M)	Balance as of 29 Feb. 2024 (Nu.M)	% Resolved
2	Embezzlement	1.061	-	1.061	-
4	Non-Compliance to laws and rules	0.201	-	0.201	-
5	Shortfalls, lapses and deficiencies	6.328	-	6.328	-
	Total	7.590	-	7.590	-

The details of unsettled irregularity reported to the Parliament in April 2023 which remained unresolved as of 29 February 2024 are as discussed below.

2. EMBEZZLEMENT

The cases with elements of embezzlement involving Nu. 1.061 million is as indicated below:

2.1 NON-ACCOUNTAL OF SALES PROCEEDS – NU.1.061 MILLION

The Samphelling Meday Gonor Gongphel Tshogpa (SMGGD) had not accounted Nu.1.061 million of sale proceeds generated on account of sale of dairy products from September 2018 to November 2019. Against the total sales of Nu. 19.681 million, only Nu. 18.625 million was recorded in the cash book. Further, there were cases of missing bills and money receipts. The lapses had occurred due to inadequate monitoring, supervision and lack of communication between the management and the seller. *(AIN: 16824; OB No.:1; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Mani Kumar Rai, Gup, CID No. 10201001106)*

Status: *Observation Not Settled.*

As of date, no reconciled accounts received from M/s. Samphelling Meday Gonor Gongphel Tshogpa. Until such time the para shall remain unresolved.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.201 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.201 million is as indicated below:

4.1 EXCESS PAYMENT DUE TO INADEQUATE VERIFICATION – NU. 0.201 MILLION

The SMGGD had made excess payment amounting to Nu. 0.201 million to M/s Rinchen Wangchuk Trading. The excess payment had occurred due to differences in the accounts maintained by the SMGGD and the agent. The difference of 94.34 metric tons spent grain was noted with resultant excess payment. *(AIN: 16824; OB No.:2; Accountabilities: Direct:*

Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Mani Kumar Rai, Gup, CID No. 10201001106)

Status: *Observation Not Settled.*

The observation amount of Nu.0.201 million stands recoverable, as of date. Until such time the para shall remain unresolved.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 6.328 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 6.328 million are as indicated below:

Sl. No.	Observation in Brief	Reported as of 31March 2023 (Nu. M)	Settled/Resolved (Nu. M)	Balance as of 29 Feb. 2024 (Nu. M)
5.1	Outstanding payments to members	1.583	-	1.583
5.2	Short recovery	0.255	-	0.255
5.3	Cash shortages	3.773	-	3.773
5.4	Payments cleared by Chairman	0.717	-	0.717
	Total	6.328	-	6.328

5.1 OUTSTANDING ADVANCE – NU. 1.583 MILLION

The SMGGD had Nu. 1.583 million payable to milk suppliers and drivers transporting milk. The pending settlements of dues to milk suppliers and drivers transporting milk had occurred due to lack of maintenance of proper books of accounts exacerbated by lack of budgeting and forecasting of revenue and expenses. *(AIN: 16824; OB No.:6; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Mani Kumar Rai, Gup, CID No. 10201001106; Purna Mahat, ES, EID No. 20170108040)*

Status: *Observation Not Settled.*

Nu.1.583 million stands recoverable. Until such time the para shall remain unresolved.

5.2 SHORT RECOVERY – NU. 0.255 MILLION

The SMGGD had short-recovered Nu. 0.255 million from M/s Rinchen Wangchuk Trading on account of supply of Super grain. A sum of Nu. 3.024 million was paid for the supply of Super grain against which Nu. 2.770 million only was recovered leaving a balance of Nu.0.255 million. *(AIN: 16824; OB No.:7; Accountabilities: Direct: Phub Tshering, Accountant, CID No. 11309000369; Supervisory: Birkha Bdr Rai, Chairman, CID No. 10201000977)*

Status: *Observation not settled*

The observation amount of Nu.0.255 million stands recoverable, as of date. Until such time the para shall remain unresolved.

5.3 CASH SHORTAGES – NU. 3.773 MILLION

The SMGGD had shortages of cash and bank closing balances amounting to Nu. 3.384 million and Nu. 0.389 million respectively as at 31 August 2018. The shortage aggregated to Nu. 3.773 million. This had occurred mainly due to incompetent office bearers as well as sheer negligence of the Accountants, Chairman and the Secretary. Further, periodic reconciliation of cash and bank were not carried out. (AIN: 16824; OB No.:10.a; Accountabilities: Direct: Nidup Dorji, Secretary, CID No. 11111001154; Phub Tshering, Accountant, CID No. 11309000369; Supervisory: Birkha Bdr Rai, Chairman, CID No. 10201000977)

Status: *Observation Not Settled.*

The observation amount of Nu.3.773 million stands recoverable, as of date. Until such time the para shall remain unresolved.

5.4 PAYMENTS CLEARED BY CHAIRMAN – NU. 0.717 MILLION

The Chairman of SMGGD had personally cleared the outstanding dues amounting to Nu. 0.717 million on account of purchase of Spent Grain. The amount was directly paid by the Chairman owing to the fact that SMGGD was running short of cash to meet the short term obligations. (AIN: 16824; OB No.:11; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Birkha Bdr Rai, Chairman, CID No. 10201000977)

Status: *Observation Not Settled.*

The observation amount of Nu.0.717 million stands recoverable, as of date. Until such time the para shall remain unresolved.
