

PART-I: Summary of the Review Report AAR 2010

The Royal Audit Authority had submitted the review report of Annual Audit Report 2010 to the 11th Session of the Second Parliament in April 2018. The Review Report had significant unresolved irregularities of Nu.3.357 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, however, no irregularity was resolved as of 30/09/2018 as shown in the Table below.

Table: Showing agency wise irregularities resolved and balances as on 30/09/2018

Sl. No.	Agency	Unresolved irregularities reported to the Parliament as on 31/03/2018 (Nu. in million)	Total amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% resolved
1	Ministries	3.053	-	3.053	0.00
2	Dzongkhags	0.304	-	0.304	0.00
Total		3.357		3.357	

As transpired from the table above, the Ministries have balance unresolved irregularities of Nu.3.053million and the Dzongkhags have Nu. 0.304million as on 30/09/2018.

PART- II: DETAILED REVIEW REPORT

1. MINISTRIES

1.1 Ministry of Health

The Ministry of Health had irregularity of Nu.0.662 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Category	Unresolved irregularities reported to the Parliament as on 31/03/018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% resolved
1	Shortfalls, Lapses & Deficiencies	0.662	-	0.662	-
	Total	0.662	-	0.662	-

The detailed status of unresolved irregularity reported to the Parliament in April 2018 and status of the same as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.662 million

1.1 Outstanding advances – Nu. 0.662 million

The DVED had outstanding advances of Nu. 1.122 million against various officials. *(AIN 8931; Para 15; Accountabilities: Direct: L.B. Subba, Accountant; Supervisory: Nado Dukpa, Chief Program Officer)*

Status: *Para remained unsettled. A letter was written to OAG for the recovery of Nu.0.662 million from the auction of properties of the accountable person, however, the OAG could not auction the properties as per the Supreme Court's order which was deferred till the end of December, 2018.*

1.3 Ministry of Foreign Affairs

The Ministry of Foreign Affairs had one unresolved irregularity of Nu.2.391 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Category	Unresolved irregularities reported to the Parliament as on 31/03/018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% resolved
1	Fraud Corruption & Embezzlement	2.391	-	2.391	-
	Total	2.391	-	2.391	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.2.391 million

1.1 Misuse of cash by Royal Bhutanese Embassy, Bangkok – Nu.2.391 million

There was a cash shortage of Nu.2.391 million which had occurred due to understatement of cash balances in the Cash Book. *[AIN: 8510; Para 1; Accountabilities: Direct: Yeshey Dorji, Third Secretary, Finance; Supervisory: Chenda Tobgay].*

Status: Para remained unresolved. The Ministry of Foreign Affairs has reported that the case is with ACC. Reminder was sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

2. DZONGKHAGS

2.1 SamtseDzongkhag

The Dzongkhag Administration, Samtse had one unresolved irregularity of Nu.0.105 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Category	Unresolved irregularities reported to the Parliament as on 31/03/2018 (Nu.in Million)	Amount resolved (Nu.in Million)	Balance as on 30/09/2018 (Nu. In Million)	% resolved
1	Shortfalls, Lapses & Deficiencies	0.105		0.105	0.00
	Total	0.105	0	0.105	

The detailed status of irregularity reported to the Parliament in April 2018; amount resolved thereafter and balance as on 30/09/2018 is as discussed below:

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

1.1 Outstanding Advances - Nu. 0.105 million

The Dzongkhag Administration had outstanding advances of Nu. 0.105 million lying against various employees as on 31/03/2018. (AIN 8816: Para 2.5; Accountabilities: Direct and Supervisory: Individuals concerned)

Status: Para remained unresolved despite several follow ups. The Dzongkhag Administration had informed the RAA that the concern accountable person Mr.Dago Tshering (EID.2008186) will visit OAG, Phuentsholing to clarify the issue. However, he has not reported till September 2018.

2.3 ZhemgangDzongkhag

The Dzongkhag Administration Zhemgang had unresolved irregularity of Nu.0.199 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No	Category	Unresolved irregularities reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	Amount resolved %
1	Shortfall, lapses and deficiencies	0.199	-	0.199	-
	Total	0.199	-	0.199	-

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.199 million

1.1 Outstanding advances – Nu. 0.199 million

The Dzongkhag Administration had outstanding advances of Nu. 0.199 million lying outstanding against staff, suppliers and contractors. *(AIN 8683: Para 2.2.5; Accountabilities: Direct: Individual Concerned; Supervisory: T.B Ghalley, AO)*

Status: Para remained unresolved despite several follow-ups.

PART-I: SUMMARY OF THE REVIEW REPORT of AAR 2011

The Royal Audit Authority had submitted the review report of Annual Audit Report 2011 to the 11th Session of the Second Parliament in April 2018. The Review Report had significant unresolved irregularities of Nu.196.342 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018; as a result irregularities of Nu.0.213 million (11%) were resolved leaving a balance of Nu.196.129 million (89%) unresolved as on 30/09/2018 which is summarized in the table below.

The agency wise unresolved irregularities reported to the Parliament in April 2018, irregularities resolved thereafter and balances as on 30/09/2018 are shown in the table below:

Table showing agency wise unsettled irregularities as on 30/09/2018

Sl. No.	Agency	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	Amount resolved %
1	Ministries	189.781	0.174	189.607	0.09
2	Dzongkhags	0.182	0.039	0.143	21.43
3	Gewogs	0.021	-	0.021	-
4	Autonomous	-	-	-	-
	Total Budgetary Agencies - A (1 to 3)	189.984	0.213	189.771	0.11
5	Corporations	6.358		6.358	-
	Total Non-Budgetary Agencies - B (4)	6.358	0.000	6.358	-
	Grand Total	196.342	0.213	196.129	0.11

As transpired from the Table above, the Budgetary Agencies had resolved irregularities of Nu.0.213 million (0.11%); however, the Non-Budgetary Agencies had failed to resolve any irregularity.

PART-II: DETAILED AUDIT FINDINGS

1. MINISTRIES

1.1 Ministry of Foreign Affairs

Out of the total unresolved irregularities of Nu.189.378 million reported to the Parliament in April 2018, the Ministry of Foreign Affairs had not resolved any irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	5.438	-	5.438	-
2	Shortfall, lapses & deficiencies	183.94	-	183.94	-
	Total	189.378		189.378	

The detailed status of irregularities reported to the Parliament in April 2018 and balance unresolved irregularities as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement – Nu. 5.438 million

1.1 Non reconciliation of USD Special Account/shortages – Nu.5.288 million

The Royal Bhutanese Embassy, Bangkok had un-reconciled difference/shortage of USD 100,716.36 in the Special Account maintained with the Bangkok Bank for the financial years 2008-09, 2009-10 and 2010-11. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 1.1; Accountabilities: Direct: Chenda Topgay, Head of Chancery, EID No. 2009054; Supervisory: Chenda Topgay, Head of Chancery, EID No. 2009054).

Status: Para remained unresolved. The Ministry reported that the case is subjudice in the Thimphu Dzongkhag Court. Reminder was sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

1.2 Discrepancies in maintenance of Books of Accounts on USD account and cash shortage – Nu.0.150 million

The Royal Bhutanese Embassy, Bangkok had cash shortage of US \$ 2,856.67 in the USD Account for the year ended 30th June 2010. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 2; Accountabilities: Direct: Yeshi Dorji, Finance Officer, EID No. 7801011; Supervisory: Chenda Topgay, Head of Chancery, EID No. 2009054).

Status: Para remained unresolved. The Ministry reported that the case has been subjudice in the Thimphu Dzongkhag Court. Reminder was sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

1.3 Double payment of medical expenses

The Royal Bhutanese Embassy, Bangkok had made double payment of Thai Baht 78,985.00 on account of medical expenses for staff and family members. It was noted that same invoices were paid twice.

The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 3; Accountabilities: Direct: YeshiDorji, Finance Officer, EID No. 7801011; Supervisory: ChendaTopgay, Head of Chancery, EID No. 2009054).

Status: Partially settled. The amount was deposited, however, the para remained unsettled as administrative action against the accountable official was not taken.

2. Shortfalls, Lapses and Deficiencies – Nu.183.940 million

2.1 Outstanding Advances – Nu. 3.849 million

- a) The Royal Bhutanese Embassy, Bangkok had outstanding advances of Nu.3.849 million against various officials and private parties. (AIN: 9764, Para 10; Accountabilities: Direct: ChendaTopgay; Supervisory: Individuals concerned)

Status: Para remained unresolved. The Ministry reported that the case has been subjudice in the Thimphu Dzongkhag Court. Reminder was sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

2.2 Non production of supporting documents – Nu.180.091 million

- a) The Royal Bhutanese Embassy, Bangkok had not produced supporting documents for expenditure amounting to USD 3,430,316.26 incurred during the financial years 2008-09, 2009-10 and 2010-11. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 1.2; Accountabilities: Direct: ChendaTopgay, Head of Chancery, EID No. 2009054; Supervisory: ChendaTopgay, Head of Chancery, EID No. 2009054)

Status: Para remained unresolved. The Ministry reported that the case has been subjudice in the Thimphu Dzongkhag Court. Reminder was sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

1.2 Ministry of Agriculture & Forests

Out of the total unresolved irregularities of Nu.0.403 million reported to the Parliament in April 2018, the Ministry of Agriculture & Forests had resolved the irregularities of Nu.0.174 million as on 30/09/2018 leaving a balance of Nu.0.229 million as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfall, lapses & deficiencies	0.403	0.174	0.229	43.176
	Total	0.403	0.174	0.229	43.176

The detailed status of irregularities reported to the Parliament in April 2018, irregularities resolved and unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies – Nu.0.229 million

1.1 Inadmissible Payment

The inadmissible payment of Nu.0.174 million was made by the Livestock Breeding Programme, Yusipang in the construction of 3 bedroom staff quarter at Yusipang. (AIN: 9332, Para 3.5;

Accountabilities: Direct: KinlayNidup, site Engineer, GoI Project, DOL, CID No. 11508004102; Supervisory: Dr. D. B. Rai, Program Director, EID No.9901057)

Status: Para was resolved as per the court's thruenche 6.2 of Thimphu Dzongkhag Court Verdict dated ...

1.2 Excess Payment – Nu.0.229 million

An overpayment of Nu.0.229 million was made by the National Livestock Breeding Programme, Yusipang in the construction of 2 bedroom staff quarter at Yusipang. (AIN: 9332, Para 2.6; *Accountabilities: Direct: KinlayNidup, site Engineer, GoI Project, DOL, CID No. 11508004102; Supervisory: Dr. D. B. Rai, Program Director, EID No.9901057)*

Status: Para remained unresolved. The case has been filed with the Thimphu Dzongkhag Court.

2. DZONGKHAG ADMINISTRATIONS

2.2 Dzongkhag Administration, Gasa

The Dzongkhag Administration, Gasa had one unresolved irregularity amounting to Nu.0.039 million reported to the Parliament in April 2018. It remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfall, lapses & deficiencies	0.039	-	0.039	-
	Total	0.039	-	0.039	-

The detailed status of the irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies -Nu.0.039 million

1.1 Outstanding advances – Nu.0.039 million

The Dzongkhag Administration had outstanding advances of Nu.0.039 million against various officials. (AIN: 9122, Para 2.1, *Accountabilities: Individuals concerned, Supervisory: SangayDhendup, DCA, EID No. 200807011)*

Status: Partially resolved. The principal amount of Nu.0.039 million recovered vide Receipt No.328348 dtd. 29.03.2016; A00151 dated 02.07.2018 and A00162 dtd. 12.07.2018, however, accrued 24% penalty remained unsettled.

2.5 Dzongkhag Administration, Zhemgang

The Dzongkhag Administration, Zhemgang had one unresolved irregularity amounting to Nu.0.143 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2017 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
3	Shortfall, lapses & deficiencies	0.143	-	0.143	-
	Total	0.143	-	0.143	-

The detailed status of the irregularity reported to the Parliament in April 2018 and status of irregularity remaining unresolved as on 30/09/2018 is as discussed below:

3. Shortfalls, Lapses and Deficiencies – Nu.0.143 million

3.1 Outstanding Advances – Nu.0.143 million

The Dzongkhag Administration had outstanding advances of Nu.0.143 million against various officials, suppliers and contractors. *(AIN: 9337, Para 18; Accountabilities: Direct: Individuals concerned; Supervisory: TilBahadur Ghaley, Accounts Officer, EID No.200701133)*

Status: Para remained unresolved despite several follow ups.

3. GEWOG ADMINISTRATIONS

3.1 Gewogs under Chukha Dzongkhag

Phuentsholing Gewog

The Gewog Administration, Phuentsholing had one unresolved irregularity without monetary value reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
2	Shortfall, lapses & deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1 Irregular Advance Payment and Incomplete ORC construction

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

Status: Para remained unresolved as administrative action as recommended has not been taken against the accountable official.

3.2 Gewogs under Dagana Dzongkhag

KhebesaGewog

The Gewog Administration, Khebesa had one unresolved irregularity amounting to Nu.0.021million reported to the Parliament in April2018. It remained unresolved as on 30/09/2018as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	0.021	-	0.021	-
	Total	0.021	-	0.021	-

The detailed status of irregularity reported to the Parliament in April2018, which remained unresolved as on 30/09/2018is as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.0.021 million

1.1 Non accountal of taxes - Nu.0.021 million

The Gewog Administration had not accounted the rural taxes amounting to Nu.0.021 million collected during 2009. It was neither accounted for in the cash book nor could the deposits be verified from the bank statements. *[AIN: 9582; Para 1: Accountabilities: Direct: Karma Tshering, Gup, CID No. 10306001659; Supervisory: Karma Tshering, Gup, CID No. 10306001659]*

Status: Para remained unresolved. The action taken report was not submitted by the Gewog.

4. AUTONOMOUS BODIES

4.4 National Land Commission

Out of twounresolved irregularities without monetary value reported to the Parliament in April2018,the National Land Commission had resolved one leaving balance oneirregularityas on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/03/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Shortfalls, lapses and deficiencies	-	-	-	100
	Total	-	-	-	-

The detailed status of irregularities reported to the Parliament in April2018 and status as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement

1.1 Irregularities in regularization of excess land

The owner of Plot No. 114/A had applied for regularization of excess land measuring 46.88 decimal and paid Nu.2.047 million to the Thimphu City Corporation and received updated Lag Thram of the plot with the total area of 1.10 acres. Later, on application to the National Land Commission Secretariat for new Lag Thram, his plot showed only 63.12 decimals which was the area before

regularization of excess land. On further scrutiny, it was noted that Thimphu City Corporation had issued the ownership certificate for 1.10 acres prior to the date of payment for excess land. It was also found that two different Lag Thram/Sa Thrums were issued for the same plot by the erstwhile Department of Survey and Land Records. In view of this, there was an indication of fraud and corruption. The case was accordingly forwarded to the Anti-Corruption Commission for further action. (AIN: 9225, Para 2.1; Accountabilities: Direct: Individuals concerned; Supervisory: UgyenTakchu, Surveyor General, EID No. 7404016)

Status: Para remained unresolved. The case is under review by the Office of the Attorney General.

2. Shortfalls, Lapses and Deficiencies

2.1 Outstanding advances

The National Land Commission had outstanding advances of Nu.0.339 million against various officials and private parties which were later recovered or adjusted. However, the para is yet to be resolved as the incumbents have not deposited the accrued penalty. (AIN: 9225, Para 2.3; Accountabilities: Direct: Individuals concerned; Supervisory: Yangchen Wangmo, Assistant Human Resource Officer, Surveyor General, EID No. 200302002)

Status: Para was settled as the outstanding penalty portion was deposited vide receipt No.428017 dated 10/07/2018.

5. CORPORATIONS

5.7 Penden Cement Authority Limited

Out of the total unresolved irregularities of Nu. 6.358 million reported to the Parliament in April 2018, the Penden Cement Authority Limited had failed to resolve any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 in (Nu.million)	Amount resolved (Nu. in million)	Balance as on 31/03/2018 (Nu. in million)	% Resolved
1	Shortfalls, lapses and deficiencies	6.358		6.358	-
	Total	6.358	-	6.358	

The detailed status of irregularities reported to the Parliament in April 2018 and remaining unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.6.358 million

1.1 Outstanding credit sales – Nu.6.358 million

The Penden Cement Authority Limited had outstanding credit sales amounting to Nu.39.959 million lying against M/s National Hydro Power Corporation Limited (NHPCL), Delhi on account of sale of cement on credit. It was found that some of the outstanding amounts were as old as ten years. (AIN: 9832, Para 1.1; Accountabilities: Direct: Sherab Tenzin, Manager (S&M), EID No. 00067; Supervisory: Tashi Tshering, Managing Director), EID No. 001+)

Status: Para remained unresolved as the balance Nu.6.358 million stands recoverable.

PART-I: SUMMARY OF THE REVIEW REPORT of AAR 2012

The Royal Audit Authority had submitted the review report of Annual Audit Report 2012 to the 11th Session of the Second Parliament in April 2018. The Review Report had significant unresolved irregularities of Nu.15.805 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, and subsequently, Nu. 0.939million(5.94%) were resolved leaving a balance of Nu. 14.866million(94.06%) as shown in Table.

Table showing agency wise irregularities resolved and balances as on 30/09/2018

Sl. No.	Agency	Irregularities reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	Amount resolved %
1	Ministries	14.173	0.571	13.602	4.03
2	Dzongkhags	0.334	-	0.334	-
3	Gewogs	0.220	-	0.220	-
4	Autonomous Bodies	0.827	0.368	0.459	44.50
	Total Budgetary Agencies - A (1 to 4)	15.554	0.939	14.615	6.04
5	Corporations & Financial Institutions	0.251	-	0.251	-
	Total Non Budgetary Agencies - B (5)	0.251	-	0.251	-
	Grand total C = A+B	15.805	0.939	14.866	5.94

As transpired from Table above, the Budgetary Agencies had resolved irregularities amounting to Nu.0.939 million (6.04%) leaving a balance of Nu.14.615million (93.96%). In respect of Non-Budgetary Agencies, irregularities amounting to Nu.0.251million(100%) remained unresolved.

PART- II: DETAILED AUDIT FINDINGS

1 MINISTRIES

1.2 Ministry of Works and Human Settlements

The Ministry of Works and Human Settlements had one unresolved irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to Parliament in 31/03/2018	Amount resolved (Nu. In million)	Balance as on 30/09/2018 (Nu. In million)	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
	Total	-	-	-	

Although all the amounts were recovered the para remained unresolved as administrative action against the accountable official had not been taken as on 30/09/2018 as discussed below:

1. Fraud, Corruption and Embezzlement – Nu. 0.588 million

1.1 Misuse of revenue

The ThimphuThromde had a case of misuse of revenue amounting to Nu. 0.588 million due to short deposit of revenue into RGR account. This had occurred due to failure of the management to carry out periodic reconciliations of revenue collections and deposits. The amount was deposited into Audit Recoveries Account and the penalty is yet to be deposited. The case was forwarded to Anti-Corruption Commission. (AIN 10552; Para 1.2; Accountabilities: Direct: Kado, Account Assistant III, EID No.8511047 & GyeltshenDorji, Account Assistant III, EID No.2107088; Supervisory: GyeltshenDorji, Account Assistant III, EID No.2107088)

Status: Para remained unresolved. Although the amount was deposited with the RAA, the para remained unresolved as administrative action as recommended has not been taken against Mr. Kado, Account Assistant III.

1.3 Ministry of Education

The Ministry of Education had unresolved irregularity of Nu.10.618 million reported to Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament in 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfalls, lapses and deficiencies	10.618	-	10.618	-
	Total	10.618	-	10.618	

The detailed status of irregularity reported to the Parliament in April 2018 and the status of irregularity remaining unresolved as on 30/09/2018 is as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 10.618 million

1.1 Outstanding advances – Nu. 10.618 million

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

Status: Para remained unresolved. As per the letter No.MoE/DSE/Accts-01/2017-2018/1508 dated 14/09/2017 of the Ministry, the case is subjudice in Thimphu Dzongkhag Court.

1.4 Ministry of Finance

Out of the total unresolved irregularities of Nu.1.560million reported to the Parliament in April2018, the Ministry of Finance had resolved irregularities of Nu.0.571 millionleaving a balance of Nu.0.989 millionas summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 31/03/2018 (Nu. in million)	% Resolved
1	Mismanagement	1.560	0.571	0.989	37
	Total	1.560	0.571	0.989	

The detailed status of irregularities reported to the Parliament in April2018, irregularities resolved and remaining unresolved as on 30/09/2018are as discussed below:

1. MismanagementNu. 0.989 Million

1.1 Outstanding revenue –Nu. 0.989Million

- The Regional Revenue and Customs Office, Thimphu had outstanding BIT, CIT and PIT amounting to Nu. 0.989 million against various business units and employees. (AIN: 10112, Para 4; Accountabilities: Direct: Wangdi Drugyel, Joint Collector, EID No. 9610059; Supervisory: Karma Loday, Regional Director, EID No. 8905058)

Status: Para remained unresolved. The Supreme Court had issued verdict No. Ka-ang Nyentho (on 15-30)2016/ 1448 dated 25th July 2016 to pay the amount into government revenue account within 25/1/2018. However, the amount had not been depositedas of September 2018.

- The Regional Revenue and Customs Office, Thimphu had outstanding BST of Nu. 3.178million against various hoteliers pertaining to the income year 2011. (AIN: 10782, Para 1; Accountabilities: Direct: Sherab Chojay, Deputy Collector, EID No. 200201005; Supervisory: Tenzin Norbu, Regional Director, EID No. 8607064)

Status: Para was settledas the last balance of Nu.0.571 million was deposited with the RRCO.

1. Ministry of Health

Out of the total unresolved irregularities of Nu.1.078 million reported to the Parliament in April 2018, the Ministry of Health had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	1.078	-	1.078	-
2	Mismanagement	-	-	-	-
	Total	1.078	-	1.078	-

The detailed status of irregularities reported to the Parliament in April 2018 and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement – Nu. 1.078 million

1.1 Shortage of revenue – Nu. 1.078 million

The General Hospital, Phuentsholing had shortage of revenue amounting to Nu. 1.206 million for the financial years 2010-11 and 2011-12. The shortage represented the difference in the amount reflected in the revenue receipts and the deposits made into RGR account. The case was forwarded to the Anti-Corruption Commission. (AIN: 10769, Para 1.1; Accountabilities: Direct: Sangay Tenzin, EID.200904050; Supervisory: Namgay Dorji, Adm. Officer, EID No. 7603032).

Status: Para remained unresolved. A sum of Nu. 0.128 million has been deposited into the Audit Recoveries A/c from the retirement benefits of the accountable person, leaving a balance of Nu.1.078 million. Sangay Tenzin, Adm. Assistant has been reported as expired without documentary evidence. The issue was deliberated in the 22nd Finance and Audit Committee Meeting held on 21st June 2017, however, it was not resolved and the Ministry of Health was instructed to conduct fact findings on the case and report for further decision.

2. Mismanagement

2.1 Delay in deposit of revenue and penalty thereof

The General Hospital, Phuentsholing had not made prompt deposits of revenue collections done in the financial years 2010-11 and 2011-12 in contravention to the Revenue Accounting Manual 2004. The instances were noted where the entire revenue collections for the month were not deposited in the RGR account. The amount needs to be recovered along with penalty. The case was forwarded to the Anti-Corruption Commission. (AIN: 10769, Para 1.2; Accountabilities: Direct: Sangay Tenzin, EID.200904050; Supervisory: Namgay Dorji, Adm. Officer, EID No. 7603032).

Status: Para remained unresolved. A sum of Nu. 0.128 million has been deposited into the Audit Recoveries A/c from the retirement benefits of the incumbent, leaving a balance of Nu.1.078 million. Sangay Tenzin, Adm. Assistant has been reported as expired without documentary evidence. The issue was deliberated in the 22nd Finance and Audit Committee Meeting held on 21st June 2017, however, it was not resolved and the Ministry of Health was instructed to conduct fact findings on the case and report for further decision.

1.7 Ministry of Foreign Affairs

Out of the total unresolved significant irregularities of Nu.0.676 million reported to the Parliament in April 2018, the Ministry of Foreign Affairs had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfalls, lapses and deficiencies	0.676	-	0.676	-
	Total	0.676	-	0.676	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.676 million

1.1 Outstanding Advances – Nu. 0.581 million

- a) The Ministry of Foreign Affairs had outstanding advances of Nu. 0.581 million (USD 10,834.74) against an official. *(AIN 10563; Para 1; Accountabilities: Direct: Chenda Topgay, Former HOC, RBE, Bangkok, EID No.2009054; Supervisory: H.E. Lyonpo Ugyen Tshering, Foreign Minister & Chenda Topgay, Former HOC, RBE, Bangkok, EID No.2009054)*

Status: Para remained unresolved. The Ministry reported that case is subjudice in Thimphu Dzongkhag Court. Reminder sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

1.2 Goods not received by the State Guest House – Nu. 0.095 million

- b) The Ministry of Foreign Affairs had not received goods worth Nu. 0.095 million (USD 1,775.00) for 16th SAARC Summit from Bangkok. However, it was found that the adjustments were already made in the books of accounts. The case was forwarded to the Anti-Corruption Commission. *(AIN 10563; Para 2; Accountabilities: Direct: Chenda Topgay, Former HOC, RBE, Bangkok, EID No.2009054; Supervisory: H.E. Lyonpo Ugyen Tshering, Foreign Minister & Chenda Topgay, Former HOC, RBE, Bangkok, EID No.2009054)*

Status: Para remained unresolved. The Ministry reported that case is subjudice in Thimphu Dzongkhag Court. Reminder sent vide letter No.RAA/FUCD(D2)RBE-BKK/2018/2604 dated 06/09/2018 for updates.

1.8 Ministry of Agriculture & Forests

The Ministry of Agriculture & Forests had unresolved irregularity of Nu.0.241 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	0.241	-	0.241	-
	Total	0.241	-	0.241	

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Fraud, Corruption and Embezzlement – Nu. 0.241 million

1.1 Misuse of cash – Nu.0.241 million

The Wangchuk Centenary Park, Bumthang had a case of misuse of cash amounting to Nu.0.241 million. It was found that the employees of Divisional Forest Office, Bumthang were paid TA/DA for monitoring and patrolling of cordeyceps collection from the Division's LC account. However, the Wangchuk Centenary Park had reimbursed the expenditure but was not accounted for in the LC account of the Division. The case was forwarded to the Anti-Corruption Commission. *(AIN 10757; Para 1; Accountabilities: Direct: RatuWangchuk, Chief Forestry Officer, EID No.8311023; Supervisory: RatuWangchuk, Chief Forestry Officer, EID No.8311023)*

Status: Para remained unresolved despite several follow-ups.

2. DZONGKHAGS

2.1 Tsirang Dzongkhag

The Dzongkhag Administration, Tsirang had irregularity amounting to Nu.0.334 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfalls, lapses and deficiencies	0.334	-	0.334	-
	Total	0.334	-	0.334	-

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfall, Lapses and Deficiencies – Nu. 0.334 million

1.1 Excess payment – Nu. 0.334 million

The Dzongkhag Administration had made excess payment of Nu.0.334 million in the construction of Lhakhang in Dunglagang Gewog. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. *(AIN 10432; Para 1.1; Accountabilities: Direct: BirendraGiri, Engineer, EID No.9907152; Supervisory: KharkaBdr. Pradhan, Gup, Dunglagang, CID No.11803001103)*

Status: Para remained unresolved. The RAA was informed that the case is sub judice in Dzongkhag Court, Tsirang.

3. GEWOGS

3.1 Gewogs under Chukha Dzongkhag

I. Logchina Gewog

The Gewog Administration, Logchina had one unresolved irregularity amounting to Nu.0.122 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
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 2018 which remained unresolved as on 30/09/2018 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 excess payment of Nu. 0.122 million in the construction of Out Reach Clinic (ORC) at Dolepchen. The excess payment had occurred 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: Para remained unresolved. Despite the Site Engineers' several attempts, the contractor failed to deposit the amount.

3.2 Gewogs under Dagana Dzongkhag

I. Deorali Gewog

The Gewog Administration, Deorali had one unresolved irregularity amounting to Nu.0.063 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	0.063	-	0.063	-
	Total	0.063	-	0.063	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Fraud, Corruption and Embezzlement – Nu. 0.063 million

1.1 Misuse of Revenue- Nu.0.063 million

The Gewog Administration had a case of misuse of revenue amounting to Nu. 0.063 million. It was found that the cash balance was not physically available during verification. The new Gup stated that the former Gup had not handed over the cash balance when he assumed the office. *[AIN: 10331; Para: 1, Accountabilities: Direct: Pasang Sherpa, Ex-Gup, CID No. 11304001729; Supervisory: Pasang Sherpa, Ex-Gup, CID No. 11304001729]*

Status: Para remained unresolved.

II. KhebisaGewog

The Gewog Administration, Khebisa had one unresolved irregularity amounting to Nu.0.035 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Fraud, Corruption & Embezzlement	0.035	-	0.035	-
	Total	0.035	-	0.035	-

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

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

1.1 Shortage of Revenue- Nu.0.035 million

The Gewog Administration had shortage of revenue amounting to Nu. 0.035 million pertaining to the rural taxes for the year 2010. *[AIN: 10334; Para: 1, Accountabilities: Direct: Karma Tshering, EX-Gup, CID No. 10302002322; Supervisory: Karma Tshering, EX-Gup, CID No. 10302002322]*

Status: Para remained unresolved.

4. AUTONOMOUS BODIES

4.2 Bhutan Football Federation

Out of the total unresolved irregularities of Nu.0.827 million reported to the Parliament in April 2018, the Bhutan Football Federation had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfall, lapses & deficiencies	0.827	0.368	0.459	44.50
	Total	0.827	0.368	0.459	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.827 million

1.1 Irregularities in advances

The Bhutan Football Federation had made inadmissible payment of advance amounting to Nu. 0.040 million to M/s Rang Lug Consultant for the consultancy services for the Goal Project II. It was noted that the project was fully funded by FIFA and the consultant was to be paid directly by the FIFA and not by the BFF. (AIN: 10697, Para 1; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No. 11411002674; Supervisory: Ugyen Wangchuk, General Secretary, CID No. 11411002674)

Status: Para remained unresolved as accrued 24% penalty of Nu.47,053.15 was not recovered although the principal amount was liquidated.

1.2 Non deduction of TDS – Nu. 0.316 million

The Bhutan Football Federation had not deducted 2% TDS amounting to Nu 0.316 million (US \$ 5,892.40) in the consultancy services provided by various consultants. (AIN: 10705, Para 1; Accountabilities: Direct: Tara Bir Rai, Accounts Officer, CID No. BHA (dcrc-23) 2011/318; Supervisory: Ugyen Wangchuk, General Secretary, CID No. 11411002674)

Status: Para remain unresolved. Response was received from the BFF vide letter No. nil. dated 12.07.2018 stating that reminder to the Consultants have been sent for settlement of issue.

1.3 Outstanding Advances – Nu. 0.143 million

The Bhutan Football Federation had outstanding advances of Nu.1257 million against various officials (AIN: 10697, Para 2; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No. 11411002674; Supervisory: Ugyen Wangchuk, General Secretary, CID No. 11411002674)

Status: Partially settled. Out of the total outstanding amount of Nu.0.511 million; Nu.0.368 million has been settled by depositing/adjusting in the accounts of BFF vide letter No. BFF/Accts/14018/813 dt.17.9.2018 leaving a balance of Nu.0.143 million.

5 CORPORATIONS

5.1 Penden Cement Authority Limited

Penden Cement Authority Limited had two unresolved irregularities without involving monetary value reported to the Parliament in April 2018. The same remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
2	Mismanagement	-	-	-	-
	Total	-	-	-	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement

2.1 Irregular purchase of land belonging to the spouse of a Board Director

The Penden Cement Authority Limited had purchased one acre of land directly from Mrs. Rinzin Rabgay in 2011 for construction of cement depot at Gelephu with a view to avoid deflection of cement meant for domestic use to the Indian market en-route from Indian territory and make cement available at all times in the domestic market. It was found that the seller is a spouse of Karma Tenzin, Board Director at that time. It was noted that PCAL had acquired one acre of land intended for the purpose from different party in 2007 but cement depot was not constructed. The management had looked for alternative land for the purpose. The invitation for the offers was made and of the five respondents, Rinzin Chophel offered the lowest rates of Nu. 53,500.00 per decimal. The Purchasing Committee decided to accept the lowest offer but was found overruled and went for a direct purchase at the same rate offered by Mrs. Rinzin Rabgay.

It was a clear case of conflict of interest in the purchase of land from a wife of Board Director, who was present in the Board Meeting in violation of the Companies Act of the Kingdom of Bhutan 2000. Further, the land fell within Sarpang-Gelephu highway in the south and the boundary wall of the newly constructed domestic airport in the north which had rendered its usage very restrictive. The PCAL had made the payment without receiving clearance from the Department of Civil Aviation. The decision was apparently not in the interest of the company as the land could not be put into intended use. (AIN: 10787, Para 1.1; Accountabilities: Direct: Tashi Tshering, former Managing Director, CID No. 11502000643; Supervisory: Tashi Tshering, former Managing Director, CID No. 11502000643)

Status: Para remained unresolved. As per the 4th Bilateral meeting the case has been assigned to investigation team as on 08/06/2017 vide ACC/DoI-i/Case-08/2017/686.

2.2 Engagement of vehicles owned by the PCAL staff

The PCAL had engaged vehicles belonging to its employees for transportation contracts in contravention to the directives of its 76th Board Meeting prohibiting engagement of vehicles owned by the employees for transportation contracts. It was found that the vehicles engaged were registered either in their names or in the names of their relatives. (AIN: 10787, Para 1.3; Accountabilities: Direct: Tashi Tshering, Managing Director, CID No. 11502000643; Supervisory: Tashi Tshering, former Managing Director, CID No. 11502000643)

Status: Para remained unresolved. As per the 4th Bilateral meeting the case has been assigned to investigation team as on 08/06/2017 vide ACC/DoI-i/Case-08/2017/686.

5.2 Food Corporation of Bhutan Limited

The Food Corporation of Bhutan Limited had one unresolved irregularity amounting to Nu.0.251million reported to the Parliament in April2018. The irregularity had not been resolved as on 30/09/2018as summarized below:

Sl. No.	Observation Category	Amount reported to the Parliament as on 31/03/2018 (Nu. in million)	Amount resolved (Nu. in million)	Balance as on 30/09/2018 (Nu. in million)	% Resolved
1	Shortfalls, lapses and deficiencies	0.251	-	0.251	-
	Total	0.251	-	0.251	-

The detailed status of irregularity reported to the Parliament in April2018 and remaining unresolved as on 30/09/2018is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.251 million

1.1 Grant of credit facility without liquidating earlier dues – Nu.0.251 million

The Food Corporation of Bhutan Limited, Paro Depot had sold goods worth Nu. 0.351 million on credit to the Planters Commercial without liquidating previous dues in contravention to the Guidelines of the Credit Policy on the sale of Food Grain and Agency items. (AIN: 10197, Para 1; Accountabilities: Direct: SingayDukpa, JMD, CID No. 10203000011; Supervisory: Singay Dukpa, JMD, CID No. 10203000011)

Status: Para remained unresolved. As per the letter No.FCB/F&A/20/2017/575 dated 08/09/2017 the case is subjudice in Phuentsholing Dungkha Court.

PART-I: SUMMARY OF THE REVIEW REPORT of AAR 2013

The Royal Audit Authority had submitted the review report of Annual Audit Report 2013 to the 11th Session of the Second Parliament in April 2018. The Review Report had significant unresolved irregularities of Nu.42.959 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and irregularities of Nu.0.487 million (1.13%) were resolved leaving a balance of Nu.42.472 (98.87%) million as shown in Table below.

The agency wise unresolved irregularities reported to the Parliament in April 2018, irregularities resolved during the reporting period and balance as on 30/09/2018 are shown in the Table below.

Table: showing agency wise irregularities resolved and balances as on 30/09/2018

Sl. No.	Agencies	Irregularities reported to the Parliament as on 31/03/2018 (Nu.	Amount resolved	Balance as on 30/09/2018	Amount resolved %
1	Ministries	34.504	-	34.504	-
2	Dzongkhags	3.422	-	3.422	-
3	Gewogs	1.646	0.487	1.159	29.59
4	Autonomous Bodies	-	-	-	-
Total Budgetary Agencies - A (1 to 4)		39.572	0.487	39.085	1.23
5	Non-Governmental Organizations	3.387	-	3.387	-
Total Non-Budgetary Agencies - B (5)		3.387	-	3.387	-
Grand Total - C (A + B)		42.959	0.487	42.472	1.13

As transpired from **Table** above the Budgetary Agencies had resolved irregularities of Nu.0.487 million (1.23%) leaving a balance of Nu.39.085 million (98.77%), however, Non-Budgetary Agencies had failed to resolve any irregularity.

PART II: DETAILED AUDIT FINDINGS

MINISTRIES

1. Ministry of Works and Human Settlement

The Ministry of Works and Human Settlements had two unresolved irregularities of Nu. 0.167 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.167	-	0.167	-
	Total	0.167	-	0.167	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 0.167 million

Status: Para remained unresolved.

The Samdrupjongkhar Thromde had not reconciled the difference of Nu. 0.167 million in the collection and deposit of revenue for 2011-12. It was found that there was excess deposit into the Government Revenue Account. (AIN 11489; Para 2.2; Accountabilities: Direct: Damcho Zangmo, AE, EID No. 9707078; Supervisory: Damcho Zangmo, AE, EID No. 9707078)

Status: Para remained unresolved.

The Thimphu Thromde had not maintained the details of unused land acquired from private parties for the construction of 7 Km Express Way which was taken over from the Department of Roads. In absence of proper inventory, the possibilities of encroachment by private parties cannot be ruled out. (AIN 11560; Para 2; Accountabilities: Direct: Individuals concerned; Supervisory: Biswanath Pradhan, Dy. Chief Survey Engineer, EID No. 9011078)

Status: Para remained unresolved.

2 Ministry of Economic Affairs

The Ministry of Economic Affairs had unresolved irregularity of Nu.25.230 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	25.230	-	25.230	-
	Total	25.230	-	25.230	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1

The Department of Geology and Mines had made short levy of fines amounting to Nu. 25.230 million on account of unauthorized mining and selling of talc. The joint investigation team on the directives of the Anti-Corruption Commission had confirmed the illegal mining operations being carried out by a proponent who was given the approval for construction of private Higher Secondary School at the closed Talc mine site at Sukreti, Samtse. It was found that the Department had levied penalty for illegal operation only on 90 MT of stacked material. However, the records showed that the proponent had dispatched 8500 MT of mineral for which no penalty was levied. *(AIN 11642; Para 2; Accountabilities: Direct: Sangay Tshering, Head, Mining Division, EID No. 200401042; Supervisory: Sangay Tshering, Head, Mining Division, EID No. 200401042)*

Status: *Para remained unresolved. Investigation was dropped by ACC and the Department of Geology and Mines has been directed to recover Nu.25.230 million vide letter No.ACC/SDB/Case-05/2015/838 dated 17/07/2017 with applicable penalties/interests. Action taken by the Department if any was not intimated to the RAA as of Sept 2018.*

3 Ministry of Education

The Ministry of Education had unresolved irregularity of Nu.8.841 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	8.841	-	8.841	-
	Total	8.841	-	8.841	-

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 8.841 million

1.1 Non-deduction of Liquidated damages – Nu. 8.841 million

The Education Development Project funded by World Bank had not recovered liquidated damages amounting to Nu. 8.841 million for delay in the completion of construction works and recovery on

account of excess materials supplied. (AIN 11390; Para 3; Accountabilities: Direct: Diwakar Lama, Executive Engineer, EID No. 8808002; Supervisory: Karma Sonam, Chief Engineer, EID No. 9107112).

Status: Para remained unresolved. As per the letter No.MoE/DSE/Accts-01/2017-2018/1508 dated 14/09/2017 of the Ministry, the case is subjudice in Thimphu Dzongkhag Court.

4. Ministry of Foreign Affairs

The Ministry of Foreign Affairs had unresolved irregularity of Nu.0.266 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
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 2018 which remained unresolved as on 30/09/2018 is as discussed below:

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

4.1 Outstanding advances – Nu. 0.266 Million

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

Status: Para remained unresolved. The Ministry reported that the case has been subjudiced in Thimphu Dzongkhag Court. Reminder sent to RBE, Bangkok vide letter No.RAA/FUCD(D2)RBE/2018/2604 dated 06/09/2018 for updates.

7. Ministry of Agriculture & Forests

The Ministry of Agriculture and Forests had one unresolved irregularity reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1 Non return of properties issued to individuals

The Thrumshingla National Park had not taken over the properties issued to the official who was transferred from the Park. The properties included a laptop computer, external hard drive and a printer. (AIN 11547; Para 1; Accountabilities: Direct: Ratu Wangchuk, CFO, EID No. 8311023; Supervisory: Ratu Wangchuk, CFO, EID No. 8311023)

Status: Para was settled as the office equipment have been handed over to the office as per the letter No.PNP/ADMN/2018/30 dated 23/07/18.

DZONGKHAGS

1. Dzongkhag Administration, Chhukha

The Dzongkhag Administration Chhukha had one unresolved irregularity of Nu. 0.045million reported to the Parliament in April2018, whichhad remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.045	-	0.045	-
	Total	0.045	-	0.045	-

The detailed status of irregularity reported to the Parliament in April2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 0.045 million

1.1 Excess payment – Nu. 0.045 Million

The Dzongkhag Administration had made excess payment of Nu. 0.045 million in the construction of Dinning Hall at Tsimasham Dratshang. The excess payment had occurred due to payment for works less executed and use of inferior quality of materials. (AIN 11133; Para 1.4; Accountabilities: Direct: Chura Muni Bhattarai, JE, EID No. 200807182; Supervisory: Tshering Chopel, DE, EID No. 8808013)

Status: Para remained unresolved.

2. Dzongkhag Administration, Pemagatshel

The Dzongkhag Administration, Pemagatshel had unresolved irregularity of Nu.2.970 million reported to the Parliament in April2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	2.970	-	2.970	-
	Total	2.970	-	2.970	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 2.970 million

1.1 Non recovery of advances and penalties – Nu. 2.970 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: Para remained unresolved. As per the review report No.RAA/OAAG-SJ(AR-30)DA-P/gatshel/2017/590 dated 25/12/2017 the Supreme Court has pronounced verdict directing the contractor to refund Nu.2,970,046.31. However, the Dzongkhag submitted that the contractor has absconded/mising as of date and the amount could not be recovered.

3. Dzongkhag Administration, Trashigang

The Dzongkhag Administration, Trashigang had unresolved irregularities of Nu.0.407 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.407	-	0.407	-
	Total	0.407	-	0.407	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.407 million

1.1 Non refund of salary disbursed during training – Nu. 0.407 million

The Dzongkhag Administration had not recovered the amount of Nu. 0.407 million on account of salary paid to the officials during the training. The official was liable to refund for discontinuing the training. (AIN 10916; Para 3; Accountabilities: Direct: Dr. Unisha Choeki Sharma, EID No. 200701020; Supervisory: Tshewang Dorji, Sr. DHO, EID No. 7804016)

Status: Para remained unresolved. As per the minutes of meeting dated 27/03/2018 held at Trashigang Dzongkhag, the Dzongkhag Health Sector has agreed to consult with Legal Section of the Ministry of Health and act accordingly.

1. Gewogs under Dagana Dzongkhag

I. Gesarling Gewog

Out of the total unresolved irregularities of Nu. 0.649million reported to the Parliament in April2018, the Gewog Administration, Gesarling had resolved irregularities of Nu.0.487 millionleaving a balance of Nu.0.162 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of Laws & Rules	0.649	0.487	0.162	75
	Total	0.649	0.487	0.162	75

The detailed status of irregularities reported to the Parliament in April2018; irregularity resolved and balance as on 30/09/2018 are as discussed below:

1. Violation of Laws and Rules– Nu. 0.162 million

1.1 Non levy of liquidated damages

- a) The Gewog Administration, Gesarling had not levied liquidated damages amounting to Nu.0.487 million for the delay in the completion of farm road from Trashithang to Phuensumgang. (AIN 11089; Para 2; Accountabilities: Direct: Mahesh Lepcha, JE, ID No. 200407014; Supervisory: Jamyang Dorji, DE, ID No. 9207043)

Status: Para was settled vide Follow-up Report No. RAA/OAAG(T)FUS-01/2017-2018/964 of 24.04.2018based on the Court Verdit received vide Letter No. DDA/DES-29/2017-2018/1178 dated 23.03.2018 and Administrative action taken against concerned engineer vide letter No. DDA/PER-09/2017-2018/926 dated 15.02.2018.

- b) The Gewog Administration, Gesarling had not levied liquidated damages amounting to Nu.0.162 million for the delay in the completion of farm road from Gesarling to Gangjab. (AIN 11089; Para 3; Accountabilities: Direct: Mahesh Lepcha, JE, EID No. 200407014; Supervisory: Jamyang Dorji, DE, ID No. 9207043)

Status:Para remained unresolved. The office has been informed that the Case has been forwarded to Dzongkhag Court, Dagana and verdict has been issued but not yet received by OAAG, Tsirang.

2. Gewogs under Paro Dzongkhag

I. Naja Gewog

Out of the total unresolved irregularities of Nu. 0.644million reported to the Parliament in April2018, the Gewog Administration, Naja had not resolved any irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of Laws & Rules	0.644	-	0.644	-
	Total	0.644	-	0.644	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws and Rules – Nu. 0.644 million

1.1 Non levy of liquidated damages – Nu. 0.149 million

The Gewog Administration had not levied liquidated damages amounting to Nu. 0.149 million for the delay in the supply of HDPE pipes. (AIN 11231; Para 2; Accountabilities: Direct: Kado, Gup, CID No. 10807001121; Supervisory: Kado, Gup, CID No. 10807001121)

Status: Para remained unresolved. The issue was forwarded to Department of Local Government vide RAA/FUCD/(R2)Naja/2017/2537 dated 13/9/2017 for taking appropriate action. Further reminder has been sent to the Gewog Administration vide letter No.RAA/FUCD(R-15)20/18/2610 dated 06/09/2018 for updates.

1.2 Irregularities in construction of approach roads to individual fields/houses – Nu. 0.495 million

The joint physical verification of Chamthangka to Ajena farm road under the Gewog revealed that three approach roads leading to individual houses/fields were constructed at the cost of Nu. 0.495 million. Further, the Gewog Administration could not produce the environment clearance and forest clearance for the construction of the approach roads. (AIN 11231; Para 3; Accountabilities: Direct: Kado, Gup, CID No. 10807001121; Supervisory: Kado, Gup, CID No. 10807001121)

Status: Para remained unresolved. The issue was forwarded to Department of Local Government vide RAA/FUCD/(R2)Naja/2017/2537 dated 13/9/2017 for taking appropriate action. Further reminder has been sent to the Gewog Administration vide letter No.RAA/FUCD(R-15)20/18/2610 dated 06/09/2018 for updates.

3. Gewogs under Samtse Dzongkhag

I. Ramjar Gewog

The Gewog Administration Ramjar had one unresolved irregularity reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1 Non-installation of the water pump

The Electrification of Water Pump Scheme at Wangringmo under Ramjar Gewog was carried out as Deposit Work by the Electricity Services Division, Bhutan Power Corporation Tashiyangtse. During the site visit it was found that the electrification works were completed in all respect except for the installation of the water pump works. *(AIN 11189; Para 1; Accountabilities: Direct: Jampel Dorji, GAO, EID No.200705035; Supervisory: Karma, Gup, CID No.11604001297)*

Status: Para remained unresolved.

4. Gewogs under Tsirang Dzongkhag

I. Gosarling Gewog

The Gewog Administration, Gosarling had one unresolved irregularity of Nu. 0.353million reported to the Parliament in April2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.353	-	0.353	-
	Total	0.353	-	0.353	-

The detailed status of irregularity reported to the Parliament in April2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.353 million

1.1 Overpayment – Nu. 0.353million

The Gewog Administration had made 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. The overpayment had occurred 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: Para remained unresolved.

4. AUTONOMOUS BODIES

4.1 Tourism Council of Bhutan

The Tourism Council of Bhutan had one unresolved irregularity without monetary value reported to the Parliament in April2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of Laws & Rules	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Violation of Laws and Rules

1.1 Non fulfilment of conditions for availing tax and duty exemptions

Under the Fiscal Incentive of the Government to exempt Sales Tax and Customs Duty in 2010, the tour operators signed agreements with Tourism Council of Bhutan to bring in 50% tourist within one year. The tour operators were liable for payment of Sales Tax and Customs duty in the event of failure to fulfil the conditions. However, it was noted that tour operators had failed to fulfil the conditions but had availed the exemption. The amount of sales tax and customs duty is thus recoverable from the tour operators. Further, it was also noted that the vehicles purchased under this fiscal incentive were not registered under the company's name as required under the scheme. *(AIN 11806; Para 1; Accountabilities: Direct: Kinley Wangdi, Offtg. Head, EID No. 2001046; Supervisory: Thuji Dorji Nadik, Acting Managing Director, EID No. 8304065)*

Status: Para remained unsettled. Response was received vide letter No.TCB/LS-05/3751 dt.12.03.2018 and the TCB will pursue the case through Court.

6 NON-GOVERNMENTAL ORGANIZATIONS

6.1 Tarayana Foundation

The Tarayana Foundation had unresolved irregularity of Nu.3.387 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	3.387	-	3.387	-
	Total	3.387	-	3.387	-

The detailed status of the irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

2. Shortfalls, Lapses and Deficiencies – Nu. 3.387 million

2.1 Outstanding advances – Nu. 3.387 million

The Tarayana Foundation had outstanding advances of Nu. 3.387 million against various officials and parties. *(AIN 11578; Para 1; Accountabilities: Direct: Individuals concerned; Supervisory: Chime Paden Wangdi, Secretary General, CID No. 11410003243)*

Status: *Para remained unresolved. Reminder was sent to the agency vide letter No.RAA/FUCD(F41)TF/2018/2671 dated 10/09/2018 for updates.*

PART-I: SUMMARY OF THE REVIEW REPORT of AAR 2014

The Royal Audit Authority had submitted the review report of Annual Audit Report 2014 to the 11th Session of the Second Parliament in April 2018. The Review Report had significant unresolved irregularities of Nu.180.968 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, Nu.8.837 million (4.88%) were resolved leaving a balance of Nu. 172.131 million (95.12%) unresolved as on 30/09/2018 as shown in the Table below:

Table showing agency wise irregularities resolved and balances as on 30/09/2018

Sl. No.	Agencies	Irregularities reported to the Parliament as on 31/03/2018 (Nu. In million)	Amount resolved	Balance as on 30/09/2018	Amount resolved %
1	Ministries	31.771	-	31.771	-
2	Dzongkhags	18.025	0.100	17.925	0.55
3	Gewogs	0.277	-	0.277	-
4	Autonomous Bodies	126.739	8.737	118.002	6.89
Total Budgetary Agencies - A (1 to 4)		176.812	8.837	167.975	5.00
5	Corporations and Financial Institutions	4.156	-	4.156	-
Total Non-Budgetary Agencies - B (5)		4.156	-	4.156	-
Grand Total - C (A + B)		180.968	8.837	172.131	4.88

As transpired from Table above, the Budgetary Agencies had resolved irregularities amounting to Nu.8.837million (5%) leaving a balance of Nu. 167.975 million (95%) unresolved. Non-Budgetary Agencies had not resolved any irregularities during the reporting period.

PART-II: DETAILED REVIEW REPORT

1. MINISTRIES

4.1.1 Ministry of Information & Communications

Out of the total unresolved irregularities of Nu. 30.074 million reported to the Parliament in April 2018, the Ministry of Information & Communications had not resolved any irregularities during the reporting period as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	21.177	-	21.177	-
2	Mismanagement	0.020	-	0.020	-
3	Violation of Laws & Rules	8.163	-	8.163	-
4	Shortfalls, lapses and deficiencies	0.714	-	0.714	-
	Total	30.074	-	30.074	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement – 21.177 million

1.2 Erroneous adoption of measurements on the supply and fixing of concertina wire fencing with resultant overpayment – Nu. 21.177 million

The Department of Civil Aviation had adopted erroneous measurements in the supply and fixing of concertina wire fencing which resulted in over payment of Nu. 21.177 million in the construction of Gelephu Domestic Airport. The joint physical verification revealed execution of concertina fencing works to the extent of 2,583.70 metres. Accordingly, the value of work done as per contractor's quoted rate worked out to Nu. 1.063 million (2,583.70 metres x Nu. 411.60) only as against Nu. 22.240 million claimed and entertained for payment with resultant over payment to that extent. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Para 5; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Phala Dorji, DG, EID No. 7207011)

Status: Para remained unresolved. Case was resubmitted to ACC for investigation vide letter No. RAA/(SP-AG)-2016/2609 dated 15/08/2016. It has been informed vide letter No. ACC/DoI-III/Case-28/2017/1544 dated 29/11/2017 that the case is under investigation.

2. Mismanagement – Nu. 0.020 million

2.1 Non-collection of fines and penalties – Nu. 0.020 million

The Regional Office, Road Safety and Transport Authority, Phuentsholing had not collected fines and penalties amounting to Nu. 0.062 million despite issue of Transport Infringement Notices. (AIN 12313; Para 1; Accountabilities: Direct: Sherab Yoezer, Traffic In-charge, Pin No. 5094; Supervisory: Tsheten Norbu, OC, Tshimasham, Pin No. 164)

Status: Para remained unresolved as the balance amount of Nu. 0.020 million is yet to be settled.

3. Violation of laws and rules – Nu. 8.163 million

3.1 Improper rate analysis of earthwork – Nu. 1.387 million

The Department of Civil Aviation had approved excess claim of Nu. 1.387 million on account of wrong inclusion of 5% labour charges for separating and stacking rocks and stones by the consultant. The claim was not admissible as per the Labour Material Coefficient 2011. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Para 2iia; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Dasho Kinley Dorji, Secretary, MoIC, EID No. 7807011, Wangdi Gyeltshen, Director, DCA, EID No. 8101036, Karma Wangchuk, CAO, DCA, EID No. 9004059, Karma Tenzin, Offtg. CAO, MoIC, EID No. 2001047, Bhagi Maya, Sr. Accounts Officer, DCA, EID No. 2001019, Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026 & Sonam Jamtsho, Asstt. Procurement Officer, MoIC, EID No. 200602016)

Status: Para remained unresolved. As per the Ministry's letter No. MoIC/DCFO-01/2017-18/744 dated 07/09/2017 the case has been submitted to High Court on 9th May 2017 and it is subjudice.

3.2 Excess computation of payable amount for earthwork excavation over areas due to flaws in the analysis of rate – Nu. 3.579 million

The Department of Civil Aviation had applied analysed rate for wrong specification on earthwork in excavation which resulted in inflated claim to the extent of Nu. 3.579 million. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Para 3; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Dasho Kinley Dorji, Secretary, MoIC, EID No. 7807011, Wangdi Gyeltshen, Director, DCA, EID No. 8101036, Karma Tenzin, Offtg. CAO, MoIC, EID No. 2001047, Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026 & Sonam Jamtsho, Asstt. Procurement Officer, MoIC, EID No. 200602016)

Status: Para remained unresolved. As per the Ministry's letter No. MoIC/DCFO-01/2017-18/744 dated 07/09/2017 the case has been submitted to High Court on 9th May 2017 and it is subjudice.

3.3 Incorrect rate analysis with resultant overstatement of final bill – Nu. 2.647 million

The contractor had made excess claim of Nu. 2.647 million in the construction of Gelephu Domestic Airport. It was observed that instead of Nu. 147.31 per cum considered for payment in the final bill, the analysed rate worked out to Nu. 59.21 per cum for quantity of 30,050 cum. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Para 4; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Dasho Kinley Dorji, Secretary, MoIC, EID No. 7807011, Wangdi Gyeltshen, Director, DCA, EID No. 8101036, Karma Tenzin, Offtg. CAO, MoIC, EID No. 2001047, Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026 & Sonam Jamtsho, Asstt. Procurement Officer, MoIC, EID No. 200602016)

Status: Para remained unresolved. As per the Ministry's letter No. MoIC/DCFO-01/2017-18/744 dated 07/09/2017 the case has been submitted to High Court on 9th May 2017 and it is subjudice.

3.4 Application of wrong rate in fencing works with resultant excess claim – Nu. 0.285 million

The Department of Civil Aviation had applied quoted rate for form-work of the terminal building – columns, beams, slabs etc up to fifth floor level for fencing works which resulted in excess claim of Nu. 0.285 million. The payment should have been regulated with reference to analyzed or market rate. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Para 10; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026)

Status: Para remained unresolved. As per the Ministry's letter No.MoIC/DCFO-01/2017-18/744 dated 07/09/2017 the case has been submitted to High Court on 9th May 2017 and it is subjudice.

3.5 Excess payment due to variation in measurements – Nu. 0.265 million

The Department of Civil Aviation had made excess payment of Nu. 0.265 million due to variations in measurement of terminal building and fencing works. The variations were noted during the joint measurement comprising representatives from the Department of Civil Aviation, the Anti-Corruption Commission, the Bhutan Standards Bureau and the Royal Audit Authority. Currently, the case is subjudice. (AIN 12148; Para 11; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026)

Status: Para remained unresolved. As per the Ministry's letter No.MoIC/DCFO-01/2017-18/744 dated 07/09/2017 the case has been submitted to High Court on 9th May 2017 and it is subjudice.

4. Shortfalls, lapses and deficiencies – Nu. 0.714 million

4.2 Excess claim due to change in the width of the runway – Nu. 0.714 million

The Department of Civil Aviation had entertained the claim for 50 metres width of the runway while the actual width was 40 metres only resulting into excess claim of Nu. 0.714 million in the final bill for the construction of Gelephu Domestic Airport. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Para 7; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026)

Status: Para remained unresolved. As per the ministry's letter No.MoIC/DCFO-01/2017-18/744 dated 07/09/2017 the case has been submitted to High Court on 9th May 2017 and it is subjudice.

4.1.2 Ministry of Finance

Out of the total unresolved irregularities of Nu.1.608 million reported to the Parliament in April 2018, the Ministry of Finance had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	1.608	-	1.608	-
	Total	1.630	-	1.608	

The details of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 1.608 million

1.5 Outstanding advances – Nu. 1.608 million

The Secretariat, Ministry of Finance had overdue outstanding advances of Nu. 1.608 million lying against various staff and officials. (AIN 12253; Para 2; Accountabilities: Direct: Zimpon Wom Karma Jamtsho, EID

No. 9009130, Tshewang Tenzin, Asst. Accounts Officer, HMS, EID No. 9206018, Pem L Dorji, EID.200907005c; Tenzin Dorji, EID.9208100; Sonam Wangdi, CAO, EID No. 8607100; Supervisory: Sonam Wangdi, CAO, EID No. 8607100).

Status: Para remained unresolved.

4.1.5 Ministry of Agriculture & Forests

The Ministry of Agriculture & Forests had unresolved irregularities of Nu.0.089 million reported to the Parliament in April 2018, Which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
3	Shortfalls, lapses and deficiencies	0.089	-	0.089	-
	Total	0.089	-	0.089	

The detailed status of irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

4. Shortfalls, lapses and deficiencies – Nu. 0.089 million

4.5 Non-reconciliation of accounts- Nu.0.089 million

The Agriculture Machinery Centre, Paro had un-reconciled figure of Nu. 0.089 million between the sale proceeds as per the inventory system and overall cash received/deposited into respective accounts. The difference had occurred mainly due to inadequate stores management system and improper documentation of various advance receipts and sales. (AIN 12135; Para 1; Accountabilities: Direct: Karma Wangdi, Accountant, EID No. 200907017; Supervisory: Karma Thinley, PD, EID No. 9901086)

Status: Para remained unresolved.

4.2 DZONGKHAGS

4.2.1 Dzongkhag Administration, Sarpang

Out of the total unresolved irregularities of Nu.16.429 million reported to the Parliament in April 2018, the Dzongkhag Administration, Sarpang had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	14.029	-	14.029	-
2	Mismanagement	0.086	-	0.086	-
3	Violation of Laws & Rules	0.881	-	0.881	-
4	Shortfalls, lapses and deficiencies	1.433	-	1.433	-
	Total	16.429	-	16.429	-

The detailed status of irregularities reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 are as discussed below:

2. Fraud, Corruption and Embezzlement – 14.029 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 Dezang 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; Para 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.2 Anomaly in purchase of timber and shortages – Nu. 0.143 million

There were anomalies and shortages in the purchase of timber by Dungkhag Administration, Gelephu amounting to Nu. 0.143 million for maintenance of Losal cinema hall. As against the total purchase of timber worth Nu. 0.215 million from M/s Daimary Saw Mill, Assam for 734 cft @Nu. 300 per cft, only 244.09 cft of wood works amounting to Nu. 0.073 million including 20% wastage were carried out at site resulting into shortage of timber. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 5.1 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: Para remained unresolved.As per the letter No.GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.3 Non-execution of electrical works – Nu. 0.596 million

The Dungkhag Administration, Gelephu had not executed electrical works valuing Nu. 0.596 million in the maintenance of Losal cinema hall. As against the total purchase valuing Nu. 0.774 million, only Nu. 0.177 million worth of electrical items were found used at site. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 5.2 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:Para remained unresolved.As per the letter No.GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.4 Misappropriation of fund through submission of fictitious bills – Nu. 0.587 million

There was a case of misappropriation amounting to Nu. 0.587 million under the Dungkhag Administration, Gelephu by submitting fictitious labour payment bills for the maintenance works of Losal Cinema Hall. As against the total labour payment of Nu. 0.700 million, only Nu. 0.113 million worth of work was executed. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 5.3 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: Para remained unresolved.As per the letter No.GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.5 Purchase of inferior quality of foam, non-supply of complete quantity and excessive reporting – Nu. 0.042 million

The Dungkhag Administration, Gelephu had made payment of Nu. 0.042 million on purchasing foams for the maintenance works of Losal Cinema Hall. It was observed that the foams were of inferior quality with higher rates and the supply was incomplete. Neither the procurement norms were followed nor custom clearance obtained on the face of the invoice for purchases from Assam, India. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 5.4 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: Para remained unresolved.As per the letter No.GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.6 Non-accountal of withdrawal – Nu. 0.528 million

- a) The Dungkhag Administration, Gelephu, had not accounted withdrawal of Nu. 0.400 million in the cash book. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 6 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

- b) The Dungkhag Administration, Gelephu, had not accounted an amount of Nu. 0.128 million in the books of accounts of Losal Cinema Hall, which was disbursed by Gelephu Thromde on account of compensation for demolition of Janta Bakery Shop. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 7 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.7 Fictitious payment of TA/DA – Nu. 0.037 million

The Dungkhag Administration, Gelephu had made fictitious TA/DA payment of Nu. 0.037 million to the Administrative Assistant and staff on account of travel to Sikkim to attend court from 6th to 25th April 2013. However, all the legal cases were completed before 6th April 2013, for which the above claim was not authentic and justifiable. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 12 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.8 Non-deduction of cost difference – Nu. 0.096 million

The Dungkhag Administration, Gelephu had not deducted the cost difference of Nu. 0.096 million in roofing of Naitai Hotel building. The contractor had claimed an amount of Nu. 0.116 million on account of providing steel trusses as specified in the BoQ. However, the contractor had actually provided timber trusses amounting to Nu. 0.020 million, thereby resulting in overpayment. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 10 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.9 Payment for works not executed – Nu. 0.103 million

The Dungkhag Administration, Gelephu had made payment of Nu. 0.103 million for roofing of Janta Bakery Building. It was observed that the payment was fictitious as the building never had a roof. The case was

forwarded to Anti-Corruption Commission. (AIN 12304; Para 11 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.10 Attempt to divert funds into personal savings account – Nu. 0.602 million

The Dungpa, Gelephu in violation to the Court order had attempted to deposit a sum of Nu. 0.602 million accumulated in the savings account of the deceased Dezang Chhoka to his personal account instead of depositing into Losal cinema hall account. Although his attempt was unsuccessful, the act was a deliberate attempt to divert the amount to his personal savings account. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Para 1 of Part 2; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003)

Status: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.11 Collusion of Officials and diversion of funds for misappropriation – Nu. 0.536 million

The Dungpa & Administrative Assistant of Gelephu Dungkhag Administration had colluded and diverted a sum of Nu. 0.536 million from Losal Cinema Hall's CD Account into Sershong Community Group account which was solely operated by the Dungpa. The account was supposed to be closed after completion of Sershong Community's activities but was kept active, which was a deliberate attempt to misappropriate the funds. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Para 2 of Part 2; 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

1.12 Non-accountal of interest received – Nu. 0.122 million

The Serchong Community Group Account operated by the Dungpa, Dungkhag Administration, Gelephu had earned interest amount of Nu. 0.122 million over a period of two years. However, the interest amount was not accounted for in the Losal Cinema Hall's books of accounts. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Para 3 of Part 2; 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

3. Mismanagement – Nu. 0.086 million

2.1 Delegation of accounting responsibility to an unqualified personnel

The Dungkhag Administration, Gelephu had officially delegated the charges of maintaining the books of accounts of Losal Cinema Hall from a trained Accountant to an Administrative Assistant whose primary responsibility was to look after the affairs of the Administration and not maintaining the books of accounts. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 2 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)*

Status: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

2.2 Non-collection of revenue – Nu. 0.086 million

The Dungkhag Administration, Gelephu had overdue outstanding rental charges of Nu. 0.086 million against various tenants. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 13 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)*

Status: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

2.3 Maintenance cost of Losal cinema hall met from Shershong Community group

The Dungpa and Administrative Assistant of Dungkhag Administration, Gelephu had made various payments from Sershong Community Group's bank account for the expenditure incurred on Losal cinema hall. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Para 4 of Part 2; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)*

Status: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

3 Violation of Laws and Rules – Nu. 0.881 million

3.1 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; Para 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: Para remained unresolved. As per the letter No. SD/Accts-24/2016-2017/1992 dated 25/09/2017 the case subjudice in the Dzongkhag Court, Sarpang.

- 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; Para 2.2; Accountabilities: Direct: Chenchu Wangdi, JE, EID No. 201101233; Supervisory: Sangay Tenzin, DE, EID No. 8808028).*

Status: Para remained unresolved. As per the letter No. SD/Accts-24/2016-2017/1992 dated 25/09/2017 the case subjudice in the Dzongkhag Court, Sarapng.

3.2 Payment without approval – Nu. 0.185 million

The Dungkhag Administration, Gelephu had paid a sum of Nu. 0.185 million from the Losal Cinema Hall Account as TA/DA for 140 days to Administrative Assistant for frequent travel to Sikkim for legal works. There was no proper office order from the competent authority directing the Administrative Assistant to travel to Gangtok, Sikkim. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Para 4 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119).

Status: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

3.3 Non-compliance to Procurement Rules & Regulations

The Dungkhag Administration Gelephu had violated the Procurement Rules & Regulations in awarding the contract for the roofing works of three buildings to a contractor on lump sum amount of Nu. 1.500 million against the estimated cost of Nu. 1.745 million. Though the roofing works of Janta Bakery & Naitai Hotel Building were not approved by the Thromde, the contract was found awarded. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Para 9 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119).

Status: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

4 Shortfalls, Lapses and Deficiencies – Nu. 1.433 million

4.1 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; Para 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: Para remained unresolved. Regular follow up is ongoing.

- 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 Royal Court of Justice, Sarpang. (AIN 12342; Para 2.1; Accountabilities: Direct: Chenchu Wangdi, JE, EID No. 201101233; Supervisory: Sangay Tenzin, DE, EID No. 8808028) (subjudice).

Status: Para remained unresolved. Regular follow up is ongoing.

4.2 Non-recovery of advance – Nu. 0.095 million

The Dungkhag Administration, Gelephu had overdue outstanding advance of Nu. 0.095 million against various employees. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Para 8 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: Para remained unresolved. As per the letter No. GayThrim(17-05)2017/1333 dated 22/09/2017 of Dungkhag Court Gelephu the defendants have appealed to Sarpang Dzongkhag Court and the case is subjudice.

4.2.2 Dzongkhag Administration, Chhukha

Out of the total unresolved irregularities of Nu.0.198 million reported to the Parliament in April 2018, the Dzongkhag Administration, Chhukha had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of Laws & Rules	-	-	-	-
2	Shortfalls, lapses and deficiencies	0.198	-	0.198	-
	Total	0.198	-	0.198	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 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; Para 3; Accountabilities: Direct: Thinley Penjor, Municipal Engineer, EID No. 201001177; Supervisory: Tshering Chopel, DE, EID No. 8808013).

Status: Para remained unresolved as 24% penalty amounting to Nu.0.053 million remained unsettled although the principal amount was liquidated.

2. Shortfalls, Lapses and Deficiencies – Nu. 0.198 million

2.1 Excess payments – Nu. 0.098 million

- The Dzongkhag Administration had made excess payments of Nu. 0.407 million to contractors for various construction works during the year. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at sites. (AIN 12190; Para 1; Accountabilities: Direct: Chura Muni Bhattarai, Engineer, EID No. 200807182, Yonten Norbu, Dungkhag Engineer, EID No. 200507210; Supervisory: Tshering Chopel, DE, EID No. 8808013).

Status: Para remained unresolved.

- b) The Dzongkhag Administration had made excess payments of Nu. 0.100 million on account of insurance claim in the construction of Abutment for Adekha Bailey Bridge. The excess payment had occurred due to payment of Nu. 0.250 million against the quoted amount of Nu. 0.150 million. (AIN 12190; Para 10.3; Accountabilities: Direct: Chura Muni Bhattacharai, Engineer, EID No. 200807182; Supervisory: Tshering Chopel, DE, EID No. 8808013).

Status: Para remained unresolved.

4.2.5 Dzongkhag Administration, Trashigang

Out of the total unresolved irregularities of Nu.1.174 million reported to the Parliament in April 2018, the Dzongkhag Administration, Trashigang had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018 (Nu. in Million)	% Resolved
1	Shortfalls, lapses and deficiencies	1.174	-	1.174	-
	Total	1.174	-	1.174	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 1.174 million

1.1 Non-refund of penalty and excess payment – Nu. 0.411 million

The Dzongkhag Administration had made excess payment of Nu. 0.411 million including 20% penalty for works not executed in the construction of Caretaker's Residence at Chazam Lhakhang. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN 11810; Para 1.3; Accountabilities: Direct: Chador Phuntsho, Dy. EE, EID No.9102052; Supervisory: Chador Phuntsho, Dy. EE, EID No.9102052)

Status: Para remained unresolved. The case is subjudice in the High Court, Thimphu.

1.2 Excess payment – Nu. 0.428 million

The Dzongkhag Administration had made excess payment of Nu. 0.428 million to the contractor in the construction of Principal's Quarter at Pam Community Primary School. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN 11810; Para 1.4; Accountabilities: Direct: Chador Phuntsho, Dy. EE, EID No.9102052; Supervisory: Chador Phuntsho, Dy. EE, EID No.9102052)

Status: Para remained unresolved. The case is subjudged in the High Court, Thimphu.

1.3 Non-deduction of rebate – Nu. 0.335 million

The Dzongkhag Administration had not deducted rebate of Nu. 0.335 million offered by the contractor in the construction of Pam Community Primary School. (AIN 11810; Para 1.4.1; Accountabilities: Direct: Chador Phuntsho, Dy. EE, EID No. 9102052; Supervisory: Chador Phuntsho, Dy. EE, EID No. 9102052)

Status: Para remained unresolved. The case is subjudged in the High Court, Thimphu.

4.2.6 Dzongkhag Administration, Gasa

Out of the total unresolved irregularities of Nu.0.224 million reported to the Parliament in April 2018, the Dzongkhag Administration, Gasa had partially resolved the irregularity of Nu.0.100 million leaving a balance of Nu. 0.124 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.224	0.100	0.124	44.64
	Total	0.224	0.100	0.124	44.64

The detailed status of irregularity reported to the Parliament in April 2018; resolved during the reporting period and the balance as on 31/03/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.124 million

1.1 Excess payment – Nu. 0.124 million

The Dzongkhag Administration had made excess payment of Nu. 0.824 million to contractor for the Traditional Debri Painting for Mithrup Lhakhang & Kague Lhakhang. The excess payment had occurred due to non-deduction of the amount paid in the first Running Account bill from the final bill. (AIN 12384; Para 1; Accountabilities: Direct: Kinzang Dema, Accountant, EID No. 201007174; Supervisory: Sangay Dhendup, Offtg. Accounts Officer, EID No. 200807011)

Status: Partially resolved. A total amount of Nu.0.100 million was recovered vide Receipt Nos. 293470 dated 26/05/2018; 417374 dated 11/02/2016 and 416582 and 21/06/2017 leaving a balance of Nu.0.124 million and accrued 24% penalty.

4.3 GEWOGS

I. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had unresolved irregularities of Nu.0.045 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.045	-	0.045	-
	Total	0.045	-	0.045	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Mismanagement – Nu. 0.045 million

1.1 Non-deposit & non-collection of rural taxes – Nu. 0.045 million

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; Para 2.1; Accountabilities: Direct: Chandra Bdr. Ghalley, Gup, CID No. 10211000579; Supervisory: Chandra Bdr. Ghalley, Gup, CID No. 10211000579).

Status: Para remained unresolved.

4.3.4 Gewogs under Paro Dzongkhag

I. Naja Gewog

Out of the total unresolved irregularities of Nu.0.232 million reported to the Parliament in April 2018, the Gewog Administration, Naja had not resolved any irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embzzlement	0.121	-	0.121	
2	Violation of laws & rules	-	-	-	
3	Shortfalls, lapses and deficiencies	0.111	-	0.111	-
	Total	0.232	-	0.232	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption & Embezzlement – Nu. 0.121 million

1.1 Misuse of hired machinery resulting into deceitful claims – Nu. 0.121 million

The Gewog Administration had a case of misuse of hire charges of machinery amounting to Nu. 0.121 million by the Road Tshogpa in the construction of Bemphu farm road. It was observed that the machinery which was hired by the Road Tshogpa for the construction of farm road was further hired out to a contractor engaged in the construction of Bailey Bridge over Haa chu. The hire charge received from the contractor was not accounted for in the books of accounts of the Gewog Administration. The case was forwarded to Anti-Corruption Commission. (AIN 11868; Para 1.4; Accountabilities: Direct: Dopu, Road Tshogpa, CID No. 10210001002/9917395u; Supervisory: Kado, Gup, CID No. 10807001121/9907204u).

Status: Para remained unresolved. The para has been forwarded to ACC vide letter No. RAA/AG-SP/16/2017/213 dated 11/09/2017.

3. Violation of laws and rules

3.1 Lack of proper documents resultant non-ascertainment of work done

The Gewog Administration had incurred total expenditure of Nu. 3.500 million for blasting and cutting of cliff length of 192 metres above Haa chu and clearing of remaining road length of 2.5 km towards Bemphu

village. However, in absence of proper documents and non-recording of the measurement of work done during the execution, the expenditure incurred against the actual amount of work done could not be ascertained. (AIN 11868; Para 1.9; Accountabilities: Direct: Kado, Gup, CID No. 10807001121/9907204u; Supervisory: Kado, Gup, CID No. 10807001121/9907204u).

Status: Para remained unresolved. The para has been forwarded to ACC vide letter No.RAA/AG-SP/16/2017/213 dated 11/09/2018 for investigation.

4. Shortfalls, lapses and deficiencies – Nu. 0.111 million

4.1 Excess and inadmissible payments of hire charges and spare parts – Nu. 0.111 million

The Gewog Administration had made excess and inadmissible payments amounting to Nu. 0.111 million on account of hire charges and cost of spare parts in the construction of Bemphu farm road. The excess and inadmissible payments had occurred due to payment in contravention to agreed terms and conditions. (AIN 11868; Para 1.2; Accountabilities: Direct: Karma Dolma, Accountant, EID No. 200607334 & Ngawang Palden, GAO EID No. 200705022; Supervisory: Kado, Gup, CID No. 10807001121/9907204u).

Status: Para remained unresolved. Reminder sent vide letter No.RAA/FUCD/(R15)2018/2610 dated 06/09/2018.

4.2 AUTONOMOUS BODIES

4.4.1 Bhutan Education City Secretariat

Out of the total unresolved irregularities of Nu.110.184 million reported to the Parliament in April 2018, the Bhutan Education City Secretariat had not resolved any irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	110.184	-	110.184	-
2	Violation of Laws & Rules	-	-	-	-
	Total	110.184	-	110.184	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu. 110.184 million

1.1 Avoidable and wasteful expenditure – Nu.110.184 million

The Bhutan Education City Secretariat and DHI-INFRA had made huge investments of Nu. 110.184 millions for construction of various ancillary infrastructures for the Bhutan Education City Project. The Project was terminated because the land identified and acquired for the project violated the Land Act. If an alternate use is not identified for the ancillary infrastructures constructed, the project's closure will put the huge investment to waste. (AIN 12620; Para 1.1).

Status: Para remained unresolved. Response was received vide letter No.BEC/Acct-01/2017-2018/846 dt.02/3/2018 stating that the investment will not go waste as large piece of government land

was being released for developing a good project and alternative use of the project site will be very soon explored. However, the ancillary infrastructure has not been utilized as yet.

2. Violation of laws and Rules

2.1 Non-surrender of unutilized fund balance after the closure of the Project

The Bhutan Education City Secretariat had not surrendered unutilised funds amounting to Nu. 258.877 million, including earnings from Fixed Deposits to the Department of Public Accounts after the termination of Project. The Ministry of Finance has directed the Secretariat to retain the funds until all pending liabilities are settled. (AIN 12620; Para 1.2; Accountabilities: Direct: Dr. Karma, CEO, BEC Secretariat, CID No. 11008001492; Dorji Namgay, CEO, DHI Infra Limited, CID No. 10101000500; Supervisory: Lyonpo Dorji Choden, Chairperson, BEC Board, CID No. 11504002130)

Status: Para remained unsettled. The amount of Nu.127 million was refunded to Department of Public Accounts as per the letter No.MoWHS/DS/Audit/2017/961 dated 12/09/2017. As per the letter No.BEC/Acct-01/2017-2018/846 dt.02.3.2018 the balance amount was promised to be surrendered to MoF by end of April 2018, however, the same has not been done as of September 2018.

4.4.2 Royal University of Bhutan

Out of the total unresolved irregularities of Nu.16.555 million reported to the Parliament in April 2018, the Royal University of Bhutan had resolved irregularities amounting to Nu.8.737 million leaving a balance of Nu. 7.818 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.403	-	0.403	-
2	Violation of Laws & Rules	14.536	8.737	5.799	60.11
3	Shortfalls, lapses and deficiencies	1.616	-	1.616	-
	Total	16.555	8.737	7.818	

The detailed status of irregularities reported to the Parliament in April 2018, irregularities resolved thereafter and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu. 0.403 million

1.1 Short-accountal of electricity charges – 0.403 million

The Gaeddu College of Business Studies had a case of short accountal of electricity charges collections amounting to Nu. 0.403 million. The billing system showed a collection record of Nu. 1.528 million but deposits in the CD Account showed only Nu. 1.125 million. (AIN 12350; Para 2.5.10; Accountabilities: Direct: Ugyen Tenzin, Electrician, EID No. 200807400; Supervisory: B.B. Rasaily, Administrative Officer, EID No. 1108020).

Status: Para remained unresolved.

2. Violation of Laws and Rules – Nu. 5.799 million

2.1 Unreasonable grant of time extension and short recovery of liquidated damages - Nu.5.799 million

- a) The Gaeddu College of Business Studies, Gedu had granted undue time extension to the contractor for the re-modelling of two workshops. Since the delay of 115 days was not justified, the liquidated damages amounting to Nu. 2.475 million should have been levied. *(AIN 12349; Para 2.3; Accountabilities: Direct: Lhato Jamba, Director General, EID No. 9003001; Supervisory: Lhato Jamba, Director General, EID No. 9003001)*

Status: Para was resolved based on the justification furnished vide letter No. RAA/OAAG-Pling/GCBS-C4/2018/358 dated 28.5.2018 as the time extension granted by the college was found resonable.

- b) The Institute of Langaue and Cultural Studies, Taktse, Trongsa had granted abnormal time extension of 210 days to the contractor for the construction of Administrative Building and Academic Block against justified hindrances of 139 days. This resulted in time overrun and also short realization of liquidated damages amounting to Nu. 5.814 million forthe delay of 71 days. *(AIN 12243; Para 4; Accountabilities: Direct: Lungtaen Gyatso, Director, EID No. 9903073; Supervisory: Lungtaen Gyatso, Director, EID No. 9903073)*

Status: Para remained unresolved.

- c) The Institute of Langaue and Cultural Studies, Taktse, Trongsa had granted abnormal time extension of 211 days to the contractor for the construction of Auditorium & Lecture Hall, Culture Centre/Workshop, Library Building and Landscaping against justified hindrances of 135 days. This resulted in time overrun and also short realization of liquidated damages amounting to Nu. 6.247 million forthe delay of 76 days. *(AIN 12243; Para 5; Accountabilities: Direct: Lungtaen Gyatso, Director, EID No. 9903073; Supervisory: Lungtaen Gyatso, Director, EID No. 9903073)*

Status: Para was settled as per letter No.CLCS/ADMN-02/2018/415 dated 10.03.2018 and High Court verdict No.CHOE-THOE/KA-71/2018/1141 dated 05.03.2018.

2.2 Non-levy of liquidated damages - Nu. 0.033 million

- a) The Gaeddu College of Business Studies, Gedu had not levied liquidated damages amounting to Nu. 0.033 million for delay in the supply of goods. *(AIN 12350; Para 1.1; Accountabilities: Direct: Ugyen Tenzin, Store In-Charge, EID NO. 200807398; Supervisory: B.B. Rasaily, Administrative Officer, EID No. 1108020)*

Status:Para was resolved vide letter No.GCBS/ADM/2017/Audit Reply/3197 dated.17/07/2018 as the amount was recovered.

3 Shortfalls, Lapses and Deficiencies 1.616 million

3.1 Difference in collection of electricity charges vis-à-vis amount deposited – Nu. 1.616 million

- a) The Gaeddu College of Business Studies, Gedu had discrepancies in the amount collected on account of electricity charges and the amounts deposited by the cashier amounting to Nu. 0.491 million. *(AIN 12350; Para 2.5.3; Accountabilities: Direct: Damber Kumar Kamar, Accountant, EID No. 1107001; Supervisory: Lhato Jamba, Director General, EID No. 9003001)*

Status: Para remained unresolved.

- b) The Gaeddu College of Business Studies, Gedu had paid the Bhutan Power Corporation Limited Nu. 5.014 million on account of electricity charges but collected only Nu. 1.125 million as evident from deposits made to the CD account. (AIN 12350; Para 2.5.4; Accountabilities: Direct: Damber Kumar Kamar, Accountant, EID No. 1107001; Supervisory: Lhato Jamba, Director General, EID No. 9003001)

Status: Para remained unresolved.

4.4.7 Election Commission of Bhutan

The Election Commission of Bhutan had one unresolved irregularity reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as shown below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1 Outstanding Advances

The Election Commission of Bhutan had overdue outstanding personal and PW advances amounting to Nu. 0.164 million. (AIN 12391; Para 4; Accountabilities: Direct: Individuals concerned; Supervisory: K.D. Tshering, Chief Project Coordinator, EID No. 7902010)

Status: Para remained unsettled as the accrued 24% penalty was not recovered although the principal amount was liquidated.

4.5 CORPORATIONS

4.5.1 Dungsam Cement Corporation Limited

Out of the total unresolved irregularities of Nu.0.644 million reported to the Parliament in April 2018, the Dungsam Cement Corporation Limited had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.644	-	0.644	-
	Total	0.644	-	0.644	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 0.644 million

3.1 Excess payment– Nu. 0.592 million

- a) The Dungsam Cement Corporation Limited, Nanglam, Pemagatshel had made excess payments of Nu. 0.519 million to contractor on account of wages and over-time charges. (AIN 12328; Para 5.1; Accountabilities: Direct: Ghana Shyam Regmi, Works Asstt., CID No. 11109002699, EID No. 95; Supervisory: Kinley, Asstt. Logistic, CID No. 10807002324, EID No. 16))

Status: Para remained unresolved. However, the Dungkhag Court Nanglam has pronounced court verdict against the case and the same is under process for settlement as of September 2018.

- b) The Dungsam Cement Corporation Limited, Nanglam, Pemagatshel had made excess payments of Nu. 0.073 million to contractor on account of supervision fees due to calculation error. (AIN 12328; Para 5.2; Accountabilities: Direct: Ghana Shyam Regmi, Works Asstt., CID No. 11109002699, EID No. 95; Supervisory: Kinley, Asstt. Logistic, CID No. 10807002324, EID No. 16)

Status: Para remained unresolved. However, the Dungkhag Court Nanglam has pronounced court verdict against the case and the same is under process for settlement as of September 2018.

3.2 Double payment – Nu. 0.052 million

- a) The Dungsam Cement Corporation Limited, Nanglam, Pemagatshel had made double payments of Nu. 0.052 Million to labourers on account of wages due to repetition of names in the register. (AIN 12328; Para 5.3; Accountabilities: Direct: Ghana Shyam Regmi, Works Asstt., CID No. 11109002699, EID No. 95; Supervisory: Kinley, Asstt. Logistic, CID No. 10807002324, EID No. 16))

Status: Para remained unresolved. However, the Dungkhag Court Nanglam has pronounced court verdict against the case and the same is under process for settlement as of September 2018.

4.5.4 Food Corporation of Bhutan Limited

Out of the total unresolved irregularities of Nu.3.212 million reported to the Parliament in April 2018, the Food Corporation of Bhutan Limited had not resolved any irregularity during the reporting period. The details are as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018(Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.095	-	0.095	-
2	Shortfalls, lapses and deficiencies	3.117	-	3.117	-
	Total	3.212	-	3.212	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu. 0.095 million

1.1 Outstanding rent – Nu. 0.095 million

The Food Corporation of Bhutan Limited, Phuentsholing had overdue outstanding rents amounting to Nu. 0.109 million for lease of auction yard and go-downs. (AIN 12125; Para 2; Accountabilities: Direct: Pemo, Office Assistant. EID No. 891600; Supervisory: Pema Wangchuk, Head of Administration Department, EID No. 910110)

Status: Para remained unresolved as the balance Nu.0.095 million was left unsettled.

2. Shortfall, lapses and deficiencies – Nu. 3.117 million

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; Para 4; Accountabilities: Direct: ChampayDukpa, Ex-Bulk Manager, EID No. 750037; Supervisory: Pema Wangchuk, Head, Administration Department, EID No. 910110)

Status: Para remained unresolved. The case is under investigation by ACC.

4.6 FINANCIAL INSTITUTIONS

4.6.3 Bhutan Development Bank Limited

The Bhutan Development Bank Limited had unresolved irregularity of Nu.0.300 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and	0.300	-	0.300	-
	Total	0.300	-	0.300	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

2.1 Doubtful exposure of Staff Vehicle Loan – Nu. 0.300 million

The Bhutan Development Bank Limited, Corporate Office, Thimphu had sanctioned Staff Loan of Nu. 0.300 million to an employee which was overdue for almost a year. The management had failed to adjust the loan from his retirement benefits on his resignation from the bank. Further, the outstanding loan was not converted to commercial loan. (AIN 12430; Para 1.2; Accountabilities: Direct: Leki Wangdi, 9920194; Supervisory: Pema Tshering, MD, 11703003506)

Status: Para remained unresolved.

4.6.5 Royal Monetary Authority of Bhutan

The Royal Monetary Authority of Bhutan had one unresolved irregularity reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Fraud, Corruption and Embezzlement

1.1 Manipulation of documents and inadmissible payments

The Deputy Governor of the Royal Monetary Authority of Bhutan had claimed full DSA of USD 600 to attend the SIBOS 2012, an annual conference, exhibition and networking event organised by Society for Worldwide Interbank Financial Telecommunications (SWIFT). The event was fully covered by the organisers including accommodation and meals. Thus, the official was only entitled for 30% DSA as prescribed in the RMA Staff Regulation 2006. The Deputy Governor had tampered and manipulated the invitation document to claim for full DSA. The payment of full DSA was approved by the Governor based on the Note-Sheet submitted by the Deputy Governor. The amount was recovered and case was forwarded to Anti-Corruption Commission. (AIN 12431; Para 3; Accountabilities: Direct: Eden Dema, Dy. Governor, CID No. 10503001473 Supervisory: Phub Dorji Tangbi, Director, AFD, CID No. 11705001431)

Status: Para remained unresolved. As per the letter No.RMA/IAD-08/2017-18/1344 dated 12.9.2017. The case is subjudice in Thimphu Dzongkhag Court.

PART-I: SUMMARY OF THE REVIEW REPORT OF AAR 2015

The Royal Audit Authority had submitted the review report of Annual Audit Report 2015 to the 11th Session of the Second Parliament in April 2018. The Review Report had significant unresolved irregularities of Nu.383.069 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, Nu.25.866 (6.75%) million were resolved leaving a balance of Nu.357.203 million (93.25%) unresolved as on 31/03/2018 as shown in the table below.

Table: showing agency wise irregularities resolved and balances as on 30/09/2018

Sl No.	Agencies	Irregularities reported to the Parliament as on 31/03/2018 (Nu. In	Amount resolved	Balance as on 30/09/2018	Amount resolved %
1	Ministries	28.621	-	28.621	-
2	Dzongkhags	0.640	0.158	0.482	24.69
3	Gewogs	0.083	-	0.083	-
4	Autonomous Bodies	36.150	4.091	32.059	11.32
Total Budgetary Agencies - A (1 to 4)		65.494	4.249	61.245	6.49
5	Corporations and Financial Institutions	70.098	1.504	68.594	2.15
6	Political parties	0.002	0.002	0.000	100
Non-Budgetary Agencies - B (5& 6)		70.100	1.506	68.594	2.15
7	Hydro Power Projects	247.475	20.111	227.364	8.13
Non-Budgetary Agencies- Hydro power - C (7)		247.475	20.111	227.364	8.13
Total Non-Budgetary Agencies D (B+C)		317.575	21.617	295.958	6.81
Grand Total - E (A + D)		383.069	25.866	357.203	6.75

As transpired from table above, the Budgetary Agencies had resolved irregularities amounting to Nu.4.249 million (6.49%) leaving a balance of Nu.61.245 million (93.51%). With respect to Non Budgetary Agencies, the irregularities of Nu.21.617 million (6.81%) were resolved leaving a balance of Nu.295.958 million (93.19%). As it is evident from the table above, the irregularities of the Non-budgetary agencies includes irregularities of Hydro power also.

PART - II: DETAILED REVIEW REPORT

4.1 MINISTRIES

4.1.1 Ministry of Information & Communications

Out of the unresolved significant irregularities without monetary value reported to the Parliament in April 2018, the Ministry of Information & Communications had not resolved any irregularities as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/ 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
3	Violation of Laws &	-	-	-	-
	Total	-	-	-	-

The detailed status of unresolved irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 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, Para 1 & Part B, Para 2; Accountabilities: Direct: Pema Chheney, Accountant, EID No.9704039; Supervisory: Ugyen Tshewang, Senior Accounts Officer, EID No.7609010).

Status: Para remained unresolved. Although the entire amount had been recovered and Pema Chheney terminated without benefits from service by the Ministry the para remained unresolved for want of appropriate action against the accountable official. The Ministry has reported that the case has been forwarded to OAG vide letter No.L-18(C)2015/2403 dated 19/05/2015. However, as informed by MoIC on 25/09/2018 the OAG has not been able to contact the defendant after the case has been forwarded to OAG, and subsequently learnt that she had left for Australia right after she had left the civil service. In the physical absence of the defendant, the OAG has not been able to institute criminal suit against her.

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)	Para No.
Part A : Secretariat, MoIC				
1	Non-accountal of cash withdrawn from Bank in the books of accounts	0.239	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: Para remained unresolved. Although the entire amount had been recovered and Pema Chheney terminated without benefits from service by the Ministry the para remained unresolved for want of appropriate action against the accountable official. The Ministry has reported that the case has been forwarded to OAG vide letter No.L-18(C)2015/2403 dated 19/05/2015. However, as informed by MoIC on 25/09/2018 the OAG has not been able to contact the defendant after the case has been forwarded to OAG, and subsequently learnt that she had left for Australia right after she had left the civil service. In the physical absence of the defendant, the OAG has not been able to institute criminal suit against her.

3. Violation of Laws and Rules

3.1 Irregularities in the approval of lease agreement with M/s Rabten Engineering Workshop

The Road Safety and Transport Authority, Regional Office, Phuentsholing had renewed the lease agreement with M/s Rabten Engineering Workshop on 28th May 2012 for another period of seven years, before expiry of earlier lease term for land measuring 118,047.60 square feet consisting of eight Government building/sheds with total area of 25,737.96 sq.ft. and open area of 92,309.64 sq.ft.

Despite the revision of rates for lease of government land to Nu.42.00 per sq.ft. per annum since 2009, the RSTA had renewed the Lease Agreement at the old rate of Nu.3.50 per sq.ft. per month for Government building and Nu.5.00 per annum for land, thereby depriving the government of substantial revenue. (AIN: 12887; Para 1.2; Accountabilities: Direct: Tashi Norbu, former Director, EID No. 8303003; Supervisory: Tashi Norbu, former Director, EID No. 8303003).

Status: Para remained unresolved.

4.1.2 Ministry of Agriculture and Forests

Out of the total unresolved significant irregularities of Nu.14.446 million reported to the Parliament in April 2018, the Ministry of Agriculture and Forests had resolved one irregularity without having monetary value as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Violation of Laws and Rules	14.446	-	14.446	-
	Total	14.446	-	14.446	-

The detailed status of unresolved irregularities reported to the Parliament in April 2018; irregularity resolved and remaining unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws and Rules – Nu.14.446 million

1.2 Non-collection of Government Revenue – Nu.14.446 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; Para 1.1; Accountabilities: Direct: Kencho Wangdi, Sr. Forest Ranger, EID No.9507072, Megnath Basnet, Range Officer, EID No.8511053, Rinzin Jamtsho, Range Officer, EID No.200507181 and Lhaba, Range Officer, EID No.200208030; Supervisory: Tashi Tobgay, CFO, EID No.9410070, Lhendup Tharchen, CFO, EID No.200801028, Kaka Tshering, CFO, EID No.8205001).

Status: The para remained unresolved. Cases were forwarded to the court. Latest updates, if any was not intimated.

2. Shortfalls, Lapses and Deficiencies

2.4 Loss of sander woods

The Department of Forests and Park Services had a case of loss of 528 kg of sander woods at various Range and Park Offices. The Ministry has written off the loss, but the case is still under investigation by the Royal Bhutan Police. (AIN: 13307; Para 1.2; Accountabilities: Direct: Lhaba, Range Officer, EID No.200208030, Rinzin Jamtsho, Range Officer, EID No. 200507181; Supervisory: Lhendup Tharchen, CFO, EID No.200801028, Tashi Tobgay, CFO, EID No.9410070)

Status: Para was resolved based on write off approval by MoF as conveyed vide letter No.MoF/DNB/Rules/2017-18/687 dated 29/03/2018 and follow-up Report No.RAA/B9-DoFPS-MoAF/2018/1874 dtd. 02.07.18.

4.1.3 Ministry of Finance

The Ministry of Finance had unresolved irregularity of Nu. 2.544 million reported to the Parliament in April 2018, which had remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Mismanagement	2.544		2.544	0.00
	Total	2.544	0.000	2.544	

The details of unresolved irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Mismanagement – Nu. 2.544. million

1.4 Outstanding taxes - Nu. 2.544 million

The Regional Revenue & Customs Office, Thimphu had overdue outstanding taxes of Nu.9.573 million against various tax payers. (AIN: 12818; Para 1; Accountabilities: Direct: Kencho Dorji, Dy Collector, EID No. 2004020496; Supervisory: Nidup Gyeltshen, Regional Director, EID No.9610072)

Status: Para remained unresolved as the balance overdue outstanding tax of Nu.2.544 million was left unsettled.

4.1.4 Ministry of Health

Out of the total unresolved significant irregularities of Nu.6.658 million reported to the Parliament in April 2018, the Ministry of Health had not resolved any irregularities as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Fraud, Corruption & Embezzlement	5.602	-	5.602	0
2	Mismanagement	1.056	-	1.056	0
	Total	6.658	-	6.658	

The details of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 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 ; Para 1.1; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

Status: Para remained unsettled. Case is with ACC and ACC has written a letter to Police Chief for seeking the arrest of the Kinzang Choden who is reported as missing vide letter no. ACC/DoI/GEN/2017/900 dt.26.7.2017.

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; Para 1.2; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

Status: Para remained unresolved. Case is with ACC and ACC has written a letter to Police Chief for seeking the arrest of the Kinzang Choden who is reported as missing vide letter no. ACC/DoI/GEN/2017/900 dt.26.7.2017.

- 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; Para 1.3; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

Status: Para remained unresolved. Case is with ACC and is being pursued with RBP to arrest Kinzang Choden who is reported as missing vide letter No. ACC/DoI/GEN/2017/900 dt.26.7.2017.

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; Para 1.4; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

Status: Para remained unresolved. Case is with ACC and is being pursued with RBP to arrest Kinzang Choden who is reported as missing vide letter No. ACC/DoI/GEN/2017/900 dt.26.7.2017.

2. Mismanagement – Nu.1.056 million

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

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; Para 1.5; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

Status: Para remained unresolved. Case is with ACC and is being pursued with RBP to arrest Kinzang Choden who is reported as missing vide letter No. ACC/DoI/GEN/2017/900 dt.26.7.2017.

4.1.5 Ministry of Foreign Affairs

The Ministry of Foreign Affairs had unresolved significant irregularity of Nu. 4.973 million reported to the Parliament in April 2018, which had remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/20178 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, Lapses and Deficiencies	4.973	-	4.973	-
	Total	4.973	-	4.973	

The detail of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies– Nu.4.973million

1.1 Non-reconciliation of accounts - Nu.4.973 million

The Royal Bhutanese Embassy, New Delhi had un-reconciled figure of Nu. 4.973 million between the cashbook generated by the Public Expenditure Management System (PEMS) and the balances shown in the bank accounts maintained for USD and Rupee. (AIN: 13223; Para 5; Accountabilities: Direct: Phuntsho Wangdi, Counselor Finance, EID No.9811019; Supervisory: Ugyen Gonphel, Head of Chancery, EID No.9101153)

Status: Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(D9)RBE-Delhi/2018/2611 dated 06/09/2018 for updates.

DZONGKHAGS

4.2.3 Dzongkhag Administration, Monggar

Out of the total significant irregularities of Nu.0.331 million reported to the Parliament in April 2018, the Dzongkhag Administration, Monggar had not resolved any irregularities as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Violation of Laws & Rules	0	0	0	0
2	Shortfalls, Lapses and Deficiencies	0.331	0	0.331	0
	Total	0.331	0.000	0.331	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules

1.1 Irregularities in the up-gradation of Out Reach 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 (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; Para 4; Accountabilities: Direct: Tenzin Dakpa, Assistant Engineer, EID No.9607008; Supervisory: C.L Das, Dzongkhag Engineer, EID No.8808036)

Status: Para remained unresolved as LD amount of Nu.2.837 million was not recovered.

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

2.1 Overpayment 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; Para 2; Accountabilities: Direct:

Kinley Penjor, Assistant Engineer, EID No.201001714; Supervisory: C.L Das, Dzongkhag Engineer, EID No.8808036)

Status: Para remained unresolved. As per the verdict No. Thruenthoe No: Mongar-16-200/ dated 01/07/2016 of Dzongkhag Court, Mongar, the contractor has been directed to deposit Nu.1.194 million with the Mongar Dzongkhag.

4.2.6 Dzongkhag Administration, Samtse

Out of the total unresolved significant irregularities of Nu.0.220 million reported to the Parliament in April 2018, the Dzongkhag Administration, Samtse had resolved irregularities amounting to Nu.0.148 million leaving a balance of Nu.0.072 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Mismanagement	0.072	-	0.072	-
2	Violation of Laws & Rules	0.067	0.067	0.000	100
3	Shortfalls, Lapses and Deficiencies	0.081	0.081	0.000	100
	Total	0.220	0.148	0.072	

The details of unresolved irregularities reported to the Parliament in April 2018, irregularities resolved thereafter and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu.0.072 million

1.2 Outstanding penalty on construction of houses on wetland - Nu.0.072 million

The Drungkhag Administration, Tashichholing had outstanding penalty of Nu.0.936 million from individuals who had constructed house on the wetland. *(AIN: 12740; Para 2; Accountabilities: Direct: Khem Raj Galley, Pemaling Gup, CID No.11202000751, Pema Wangchuk, Tendruk Gup, CID No.11216000382, Shangkar Gurung, Norgaygang Gup, CID No. 11201001330, Suraj Subba, Namgaycholing Gup, CID No.11209002567, Nanda Raj Giri, Tashichholing Gup, CID No.1121400010; Supervisory: Phub Thinley, DLR, EID No. 200211053, Tashi Namgay, Revenue Assistant, EID No.2009069)*

Status: Para remained unresolved as the balance Nu.0.072 million was left unrecovered.

2. Violation of Laws & Rules

2.1 Non-levy of liquidated damages

The Drungkhag Administration, Dorokha had not deducted liable liquidated damages of Nu.0.067 million from the contractor for delay in completion of works by 58 days for the construction of Drashag (monk's hostel) at Gatsheling. *(AIN: 12739; Para 6.1; Accountabilities: Direct: Kumar Sharma, Deputy Engineer, EID No.8709055; Supervisory Karma Jurmi, Drungpa, EID No. 9208031)*

Status: Partially resolved. The principal amount of Nu.0.067 million was recovered leaving a balance 24% penalty of Nu.0.0511 million.

3. Shortfalls, Lapses and Deficiencies – Nu.0.081 million

3.1 Excess payments – Nu.0.081 million

The Drungkhag Administration, Dorokha had made excess payment of Nu.0.081 million for 16 columns in the construction of Monks hostel (Drashag) at Gatssheling. (AIN: 12739; Para 6.2; Accountabilities: Direct: Kumar Sharma, Dy. Engineer, EID No. 8709055; Supervisory Karma Jurmi, Drungpa, EID No.9208031)

Status: Partially resolved. The principal amount of Nu.0.081 million recovered leaving a balance of 24% penalty of Nu.0.0611 million.

4.2.7 Dzongkhag Administration, Trashigang

Out of the total unresolved irregularity of Nu. 0.089million reported to the Parliament in April 2018, the Dzongkhag Administration, Trashigang had resolved irregularitiy amounting to Nu. 0.010millionleaving a balance of Nu. 0.079millionunresolved as of 30/09/2018as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
2	Shortfalls, Lapses and Deficiencies	0.089	0.010	0.079	11
	Total	0.089	0.010	0.079	

The details of unresolved irregularities reported to the Parliament in April 2018, irregularities resolved thereafter and remaining unresolved as on 30/09/2018are as discussed below:

2. Shortfalls, Lapses and Deficiencies – Nu.0.079 million

2.1 Outstanding advances - Nu.0.079 million

The Dzongkhag Administration had overdue outstanding advances amounting to Nu.0.809 million against various officials, contractors and suppliers. (AIN: 12833; Para 2; Accountabilities: Direct: Engine Dorji, Accountant, EID No.200907006; Sonam Choden, CID No.10906002307; Lam Dorji, Accountant, EID No.201007217; Dorji Sangay, EID No.7701003; Chador Phuntsho, EID No.9102052; Jigme Tenzin, Accountant, EID No. 200807250; Yeshi Dorji, EID No.200207373; Karma Wangchuk, Accountant, EID No.200807252; Supervisory: Lhap Tshering, AO, EID No.201001037)

Status:Partially settled. Out the balance of Nu.0.089 million reported in April 2018the Dzongkhag had settled Nu.0.010 million leaving a balance of Nu.0.079 million as of Sept. 2018 against Chador Phuntsho.

4.3 GEWOGS

4.3.1 Gewogs under Chhukha Dzongkhag

I. Loggchina Gewog

The Gewog Administration, Loggchina had unresolved irregularity of Nu.0.033 million reported in April 2018, which had remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
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 2018 which remained unresolved as on 30/09/2018 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 excess payment of Nu.0.183 million 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; Para 2; Accountabilities: Direct: Yonten Norbu, JE, EID No.200507210; Supervisory: Indra Lala Galley, Gup, CID No.20209000581)

Status: Para remained unresolved as the balance amount of Nu.0.033 million not recovered.

4.3.3 Gewogs under Paro Dzongkhag

I. Naja Gewog

Out of two unresolved significant irregularities reported to the Parliament in April 2018, the Gewog Administration, Naja had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2018	Percentage resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Violation of laws and rules	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularities reported to the Parliament in September 2017 which remained unresolved as on 31/03/2018 are as discussed below:

1. Fraud, Corruption & Embezzlement

1.1 Misuse of rural taxes

The then Gewog Administrative Officer of the Naja Gewog Administration had misused rural taxes amounting to Nu.0.059 million from the collections and deposits of rural taxes. The case was forwarded to Anti-Corruption Commission. (AIN: 12778; Para 1.2; Accountabilities: Direct: Phub

Gyeltshen, GAO, EID No. 9507311, Kado, Gup, CID No. 1080700121; Supervisory: Kado, Gup, CID No. 1080700121).

Status: Para remained unresolved. Although the amount had been deposited the case was forwarded to ACC vide letter No.RAA/AG-SP/16/2017/213 dated 11/09/2017 for further review.

2. Violation of laws and rules

2.1 Deposit of penalty into Current Deposit Account

The Gewog Administration had deposited Nu.0.100 million on account of penalty levied by the Dzongkhag Environment Sector for violation of the environment norms into Current Deposit Account instead of Government Revenue Account in contravention with the government revenue rules and regulations.(AIN: 12778; Para 2; Accountabilities: Direct: Kado, Gup, CID No. 1080700121; Supervisory: Kado, Gup, CID No. 1080700121)

Status: Para remained unresolved. The case was forwarded to the Department of Local Government vide letter No.RAA/FUCD(R2)Naja/2017/2537 dated 13/09/2017 for review. Further reminder was sent to the Gewog Administration on 06/09/2018 for updates.

4.3.4 Gewogs under Trongsa Dzongkhag

I. Langthil Gewog

The Gewog Administration, Langthelhad unresolved irregularity of Nu. 0.050 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, lapses and deficiencies	0.050	-	0.050	0
	Total	0.050	-	0.050	

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 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 overdue outstanding advances of Nu.0.050 million against the official. (AIN: 12795; Para 1; Accountabilities: Direct: Lham Dorji, Gup, CID No.: 11703000465; Supervisory: Lham Dorji, Gup, CID No.: 11703000465)

Status: Para remained unresolved.

4.4 AUTONOMOUS AGENCIES

4.4.1 Royal University of Bhutan

Out of the total unresolved significant irregularities of Nu. 17.447 million reported to the Parliament in April 2018, the Royal University of Bhutan had resolved irregularities amounting to Nu.2.053 million leaving a balance of Nu.15.394 million unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Mismanagement	0.885	-	0.885	0
2	Violation of laws and rules	14.509	-	14.509	0
3	Shortfalls, Lapses and Deficiencies	2.053	2.053	0	100
	Total	17.447	2.053	15.394	

The detailed status of irregularities reported to the Parliament in April 2018, irregularities resolved thereafter and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu.0.885 million

1.1 Non realization of penalty for not meeting the training obligation

The College of Natural Resources had not recovered penalty of Nu.2.195 million from one of its retired employees, for failing to meet the training obligation in contravention to the BCSR 2012. (AIN: 13322; Para: 1.1; Direct Accountability: Dr. Phub Dorji, Director General, EID No. 9312018; Dr. D.B. Gurung, Dean Academic Affairs, EID No.8905003; Ugyen Thinley, Dean of Student Affairs, EID No. 9801067; Ugyen Yangchen, HOD (Agriculture), EID No. 200701088; Dr. Rekha Chhetri, HOD (Sustainable Development), EID No. 9801093; Lobzang Penjore, Administrative Officer, EID No. 201104034; Supervisory Accountability: Dr. Phub Dorji, Director General, EID No. 9312018)

Status: Para remained unresolved due to non-settlement of accrued penalty of Nu.0.363 million although principal amount was fully recovered.

1.2 Non-realization of tuition fees from self-financed candidates even after completion of studies - Nu.0.885 million

The College of Natural Resources had outstanding tuition fees of Nu.0.885 million against students on self-funding basis, even after completion of their studies due to lack of clear guidelines and proper coordination amongst officials concerned. (AIN: 13322; Para: 1.4; Direct Accountability: Dr. D.B. Gurung, Dean Academic Affairs, EID No.8905003; Supervisory Accountability: Dr. Phub Dorji, Director General, EID No.9312018)

Status: Para remained unresolved.

2. 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; Para: 1(i); Accountabilities: Direct: Ugyen Dorji, HOD (Civil), EID No: 200301038; Supervisory: Dr. Cheki Dorji, Director, EID No: 9307009)

Status: Para remained unresolved. The case is subjudice in the Supreme Court as per the letter No.CST/Adm-37/2016-2017/7600 dated 7/09/2017.

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; Para: 1(ii); Accountabilities: Direct: Ugyen Dorji, HOD (Civil), EID No: 200301038; Supervisory: Dr. Cheki Dorji, Director, EID No: 9307009)

Status: Para remained unresolved. The case is subjudice in the Supreme Court as per the letter No.CST/Adm-37/2016-2017/7600 dated 7/09/2017.

2.3 Non-levy of liquidated damages

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; Para: 1(iii); Accountabilities: Direct: Ugyen Dorji, HOD (Civil), EID No: 200301038; Supervisory: Dr. Cheki Dorji, Director, EID No: 9307009)

Status: Para remained unresolved. The case is subjudice in the Supreme Court as per the letter No.CST/Adm-37/2016-2017/7600 dated 7/09/2017.

3. Shortfalls, Lapses and Deficiencies

3.1 Un-reconciled balance

The College of Natural Resources had un-reconciled balance of Nu.1.434 million as per bank statement and Balance Sheet. (AIN: 13322; Para: 1.3; Direct Accountability: Tshewang Dorji, AAO, EID No. RUB1209051; Supervisory Accountability: Dr. Phub Dorji, Director General, EID No. 9312018)

Status: Para was settled based on the Follow-up Report No. RAA/OAAG(T)/AR(P-CNR-18)/2016/183 dated 05.10.2016 as the balance sheet was reconciled.

3.2 Excess payment of stipend to students discontinuing the courses

The College of Natural Resources had made excess payments of Nu.0.064 million to the students who discontinued the courses due to poor coordination between various departments and Accounts section. (AIN: 13322; Para: 1.5; Direct Accountability: Dr. D.B. Gurung, Dean Academic Affairs, EID No.8905003; Supervisory Accountability: Dr. Phub Dorji, Director General EID No.9312018)

Status: Para was resolved vide follow-up report No.FUS/OAAG(T)FUS-01/2018-2019/0184 dated 22.09.2018 based on justification and document submitted vide Letter No. CNR/ACC-10/2018-2019/970 dated 17.07.2018 as they have written off the irrecoverable advances as per the delegation of financial powers.

3.2 Outstanding advances under current assets

The College of Natural Resources had overdue outstanding advances of Nu.0.555 million against its staff. (AIN: 13322; Para: 1.7; Direct Accountability: Gyembo Wangchuk, Accountant, EID No. RUB1307009; Supervisory Accountability: Dr. Phub Dorji, Director General, EID No.9312018)

Status: Para was resolved vide follow-up report No.FUS/OAAG(T)FUS-01/2017-2018/1270 dated 18.06.2018 based on justification and document submitted vide letter No. CNR/ACCT-10/2017-2018/773 dated 08.06.2017 and in view of rectification made in the system.

4.4.2 National Land Commission

The National Land Commission had irregularity of Nu.7.293 million reported to the Parliament in April 2018, which had remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Mismanagement	7.293		7.293	0.00
	Total	7.293	-	7.293	

The detailed status of irregularity reported to the Parliament in April 2018 which remained unsettled as on 30/09/2018 is as discussed below:

1. Mismanagement - Nu. 7.293 million

1.1. Outstanding Proceeds from issue of Feno Pegs – Nu. 7.293 million

The National Land Commission, Thimphu had outstanding proceeds recoverable from issue of Feno Pegs worth Nu.14.370 million issued against field officials. (AIN: 12649; Para: 4; Accountabilities: Direct: Pema Thinley, Store In-Charge, EID No.: 201002014; Supervisory: Tshewang Namgay, Officiating Chief Administrative Officer, EID No.: 201008001)

Status: Para remained unresolved. Out of balance outstanding amount of Nu.8.884 million reported in September 2017, Nu.1.591 was settled leaving a balance of Nu.7.293 million.

4.4.4 Election Commission of Bhutan

Out of the total significant irregularities of Nu.5.434 million reported to the Parliament in April 2018, the Election Commission of Bhutan had not resolved any irregularities as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Fraud, Corruption and Embezzlement	5.235	-	5.235	0
2	Shortfalls, Lapses and Deficiencies	0.199	-	0.199	0
	Total	5.434	-	5.434	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are 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; Para: 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: Para remained unresolved. As per the Minutes of the 5th bilateral Meeting between ACC and RAA held on 19.01.2018 the case is still subjudice in Dzongkhag Court Thimphu.

2. Shortfalls, Lapses and Deficiencies - Nu.0.199 million

2.1. Outstanding advances - Nu.0.199 million

The Election Commission of Bhutan had overdue outstanding advances of Nu.0.264 million as on 30th April 2015 against various officials and parties. (AIN: 13247; Para: 1; Direct Accountability: Tshering Penjor, Delimitation Officer EID No.: 200605043, Sonam Rinzin, Driver EID No.: 200912006, Gyeltshen, Store Incharge EID: 9007009, Supervisory Accountability: For sl. No.2: Lhap Tshering, Accounts Officer, EID No. 201001037, For the rest: Karma Dhendup Tshering, Chief Project Coordinator, EID No. 7902010)

Status: Para remained unsettled as the balance Nu.0.199 million was not recovered.

4.4.5 Bhutan Football Federation

Out of the total significant irregularities of Nu. 3.479 million reported to the Parliament in April 2018, Bhutan Football Federation had not resolved irregularities of Nu.2.038 million leaving a balance of Nu.1.441 million as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved %
1	Shortfalls, Lapses and Deficiencies	3.479	2.038	1.441	58.58
	Total	3.479	2.038	1.441	

The detailed status of irregularities reported to the Parliament in April 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu. 1.441 million

1.1. Outstanding Advances – Nu.0.203 million

- a) The Bhutan Football Federation had overdue outstanding advances amounting to Nu.0.519 million from its FIFA Account against its officials and contractors. (AIN: 13224; Para: 1; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674)

Status: Partially settled. Out of the last reported balance of Nu.0.140 million; Nu.0.052 settled leaving a balance of Nu.0.088 million.

- b) The Bhutan Football Federation had overdue outstanding advances amounting to Nu.0.388 million from its AFC Account against officials and contractors. (AIN: 13225; Para: 1; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674)

Status: Partially settled. Out of the last reported balance of Nu.0.230 million; Nu.0.229 million settled leaving a balance of Nu.0.001 million.

- c) The Bhutan Football Federation had overdue outstanding advances amounting to Nu.1.157 million against officials and contractors. (AIN: 13282; Para: 4; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674)

Status: Partially settled. Out of the last reported balance of Nu.0.189 million; Nu.0.075 million settled leaving a balance of Nu.0.114 million.

1.2. Non-follow up of outstanding amount - Nu.1.238million

The Bhutan Football Federation had not followed up with M/s Friends United FC for overdue outstanding receivable of Nu.2.920 million on account of ticketing of King's Cup 2014. (AIN: 13282; Para: 3; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674)

Status: Partially settled. Out of Nu.2.920 million; Nu.1.682 million settled leaving a balance of Nu.1.238 million.

4.4.6 Gross National Happiness Commission

The Gross National Happiness Commission had irregularity of Nu.0.684 million reported to the Parliament in April 2018, which had remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Violations of laws and rules	0.684	0	0.684	0.00
	Total	0.684	0	0.684	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 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; Para 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: Para remained unresolved.

4.4.7 Thromde Administration, Gelephu

The Thromde Administration, Gelephu had irregularity of Nu.1.138 million reported to the Parliament in April 2018, which had remained unresolved as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Mismanagement	1.138	-	1.138	-
	Total	1.138	-	1.138	-

The detailed status of irregularity reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Mismanagement

1.1. Outstanding land taxes - Nu. 1.138 million

The Thromde Administration, Gelephu had overdue outstanding Land Taxes amounting to Nu.1.138 million for the year 2013 against land owners. *(AIN: 12886; Para: 1; Accountabilities: Direct: Mani Sherpa, Revenue In-Charge, EID No. 9509029; Supervisory: Choephey Dorji, Principal Engineer, EID No. 901088)*

Status: Para remained unresolved.

4.4.8 Bhutan Cricket Federation

Out of the total unresolved significant irregularities of Nu. 0.524million reported to the Parliament in April 2018, Bhutan Cricket Federation had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, Lapses and Deficiencies	0.524	0	0.524	0
	Total	0.524	0	0.524	

The detailed status of irregularities reported to the Parliament in April 2018 and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.524million

1.1. Missing Documents

The Bhutan Cricket Federation, Thimphu did not produce disbursement vouchers and related supporting documents for the period of 2009 to 2013 for audit verification. (AIN: 13181; Para:1; Accountabilities: Direct: Jigme N. Norbu, General Secretary, CID No. 114100068620; Supervisory: Jigme N. Norbu, General Secretary, CID No. 11410006862)

Status: Para remained unsettled.

1.2. Outstanding advances and Irregularities thereof - Nu.0.524million

The Bhutan Cricket Federation, Thimphu had overdue outstanding advances amounting to Nu.0.540 million as under:

- There were no details and supporting documents for the advances given since January 2012 amounting to Nu.0.119 million against officials and suppliers;
- Outstanding advances at the year ended 31.12.2013 amounted to Nu.0.109 million; and
- Outstanding advances against an employee on Study Leave amounted to Nu.0.313 million.

(AIN: 13181; Para: 4; Accountabilities: Direct: Jigme N. Norbu, General Secretary, CID No. 11410006862066; Supervisory: Jigme N. Norbu, General Secretary, CID No. 11410006862)

Status: Para remained unresolved.

4.4.12 Royal Society for Protection of Nature

Out of the total significant irregularities of Nu. 0.151 million reported to the Parliament in April 2018, the Royal Society for Protection of Nature had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the parliament as on 31/03/2018 (Nu.in Million)	Amount Resolved in Nu.million	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, Lapses and Deficiencies	0.151	-	0.151	0
	Total	0.151	-	0.151	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.151 million

1.1. Excess Payment in renovation of Black-Necked Crane Centre at Phobjikha - Nu.0.151 million

The Royal Society for Protection of Nature had made excess payments of Nu.0.151 million to the contractor for the renovation work of Black-Necked Crane Centre at Phobjikha due to non-deduction of the 1st Running Bill amount from the contractor's final bill by the accounts unit. *(AIN: 13054; Para: 2; Accountabilities: Direct: Jigme Tshering, Field Coordinator, CID No.10603000024; Supervisory: Tshering Phuntsho, Coordinator, Conservation & Sustainable Livelihood program, RSPN, CID No. 11107004033)*

Status: Para was partially resolved. The principle amount of Nu.0.151 million was deposited but the 24% penalty of Nu.0.119 million is yet to be recovered.

4.5. CORPORATIONS

4.5.1. Food Corporation of Bhutan Limited

Out of the total unresolved significant irregularities of Nu.26.331 million reported to the Parliament in April 2018, the Food Corporation of Bhutan Limited had resolved irregularities of Nu.1.504 million leaving a balance of Nu.24.827 million as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in)	Balance as on 30/09/2018	Percentage resolved
1	Fraud, Corruption and Embezzlement	8.586	-	8.586	-
2	Mismanagement	0.555	-	0.555	-
3	Violation of Laws and Rules	-	-	-	-
4	Shortfalls, Lapses and Deficiencies	17.19	1.504	15.686	-
	Total	26.331	1.504	24.827	

The detailed status of irregularities reported to the Parliament in April 2018; irregularities resolved and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.8.586 million

1.1. Stock and Cash shortage - Nu.2.440 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.

The 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.3.621 million were to be refunded by the incumbent on or before 8/7/2014, of which Nu.1.181 million has been recovered. *(AIN: 13105; Para: 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:**Para remained unresolved.The Phuntsholing Court had granted time extension to the official as intimated vide letter No. FCB/SJ/08/2018/61 of 05/02/2018.*

1.2. Misappropriation and shortages in Nganglam Depot- Nu.6.146 million

The Food Corporation of Bhutan Limited, Nganglam Depot had misappropriation and shortages of cash & stock of various food grains worth Nu.7.295 million. FCBL had recovered an amount of Nu.1.148 million as on 15th May 2015, leaving a balance of Nu.6.146 million. The case was forwarded to Anti-Corruption Commission upon the advice of the court as it pertained to the late Depot In-charge. *(AIN: 13105; Para: 2, Accountabilities; Direct: Late Tshering Gyeltshen, Depot Incharge, Citizen ID No.10705000723, Supervisory: Pema Wangchuck, Regional Manager, Citizen ID No.10905004493)*

***Status:**Para remained unresolved.The case is still with Anti Corruption Commission as intimated vide letter No. FCB/SJ/08/2018/61 of 05/02/2018.*

2. Mismanagement-Nu.0.555 million

1.1 Non-imposition of penalty on late payment of rent - Nu.0.055 million

The Food Corporation of Bhutan Limited, Phuentsholing had failed to impose and collect 2% penalty for late deposit of rent amounting to Nu.0.055 million from various tenants due to non-enforcement of terms and conditions of lease agreement. *(AIN: 13303; Para: 2; Accountabilities; Direct: Pemo, EID No. 891600, CID No. 1141007665, Supervisory: Pema Wangchuk, EID No. 919145, CID No. 11213004156)*

***Status:**The para remained unresolved.*

1.2 Non-levy of penalty on late delivery - Nu.0.232 million

The Food Corporation of Bhutan Limited, Phuentsholing had not levied penalty for late delivery of goods by various suppliers amounting to Nu.0.232 million due to non-adherence to terms and conditions of supply contract. *(AIN: 13303; Para: 4; Accountabilities; Direct: Denesh Subba, Sr. Manager, EID No. 919897, CID No. 21811000488; Supervisory: Sangay Wangdi, EID No. 910109, CID No. 11410005316)*

Status:*The para remained unresolved.*

1.3 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; Para: 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:*Para remained unresolved.*

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; Para: 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:*Para remained unresolved.*

4. Shortfalls, Lapses and Deficiencies-Nu.17.190 million

4.1 Damaged, expired and non-moving agency items and food grains lying in Phuentsholing bulk store - Nu.0.054 million

The FCBL Phuentsholing had stocks of damaged and expired food grains valuing Nu.0.279 million and agency items valuing Nu.1.279 million during the financial year 2013 which were not disposed off, due to non-implementation of proper inventory system in the FCBL depots as well as in the FCBL bulk godown. (AIN: 13303; Para: 3, Accountabilities; Direct: Nim Tshering, EID No. 919867, CID No. 10502000795 Phub Gyeltshen, EID No. 860141, CID No. 11812001641; Supervisory: Sangay Wangdi, General Manager, EID No. 910109, CID No. 11410005316)

Status:*Partially resolved. Out of Nu.1.558 million, Nu.1.504 million was adjusted leaving a balance of Nu.0.054 million.*

4.2 Claims not adjusted in suppliers' account - Nu.11.037 million

The FCBL Phuentsholing had not deducted credit notes amounting to Nu.11.037 million for the years 2013 and 2014. The FCBL receives claims against internal freight, draft Charges, damages, schemes, etc. in agency items, from its Suppliers through credit notes, adjustable from the supplier's ensuing payable transactions. (AIN: 13303; Para: 6; Accountabilities: Direct: Denesh Subba, Sr. Manager, EID No. 58958, CID No. 11801000911; Supervisory: Sangay Wangdi, General Manager, EID No. 910109, CID No. 11410005316)

Status: Para remained unresolved.

4.3 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 accountal of imports were not found in the FCBL records. Hence, the genuineness of the import or short accountal could not be ascertained. (AIN: 13303; Para: 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: Para remained unresolved.

4.4 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; Para: 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: Para remained unresolved. The case was investigated by ACC and now it is forwarded to OAG vide letter No.ACC/DoI-III/Case-09/2013/574 dated 19/07/2016.

4.5 Shortage of food grains commodities - Nu.3.315 million

The FCBL, Phuentsholing, had food grain shortages valuing Nu.3.315 million during the year 2013. The case was forwarded to Anti-Corruption Commission. (AIN: 13303; Para: 12; 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: Para remained unresolved. The case was investigated by ACC and now it is forwarded to OAG vide letter No.ACC/DoI-III/Case-09/2013/574 dated 19/07/2016.

4.5.2. Dungsam Cement Corporation Limited

Out of the total significant irregularities of Nu.22.603 million reported to the Parliament in April 2018, the Dungsam Cement Corporation Ltd. had not resolved any irregularities as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Fraud, Corruption and Embezzlement	22.603	-	22.603	0
	Total	22.603	-	22.603	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.22.603 million

1.1. Embezzlement of company funds-Nu.22.603 million

The Dungsam Cement Corporation Limited had huge company funds amounting to Nu.22.603 embezzled primarily by the Head of Finance and the late Assistant Finance Officer through withdrawal of self cheques by engaging various fraudulent practices as summarized in the table below:

Para No:	Fraud method engaged	Embezzled Amount (Nu.In million)
Case 1	Embezzlement of refund made by contractor	0.829
Case 2, 22, 27	Fictitious Payment based on photocopied bills	2.482
Cases 3, 13, 15, 17, 30	Fictitious Payment made on fake bills	5.436
Case 4, 48	Passing of unapproved/Cancelled voucher,	0.331
Cases 5, 9, 26, 31, 41	Fictitious BST payment	1.285
Cases 6, 10, 11, 14, 18, 21, 24, 25, 33, 35, 38, 39, 42, 44, 45, 46, 49	Withdrawal of vendor payment without due authorization through self cheques	4.848
Case 7	Payment on duplicate copy of bills for which payment were made on original bills in full earlier	0.034
Case 8, 36, 37, 43	Double payment	0.875
Cases 12, 16, 19, 28, 29, 32, 34, 40, 47, 51	Cheque drawn without any supporting documents	4.808
Case 20	Addition of figures after approval	0.250
Case 23	Embezzled but refunded at a later date prior to date of audit	0.873
Case 50	Payment for coal not supplied	0.552
Total Embezzled Amount		22.603

The embezzlement had occurred due to collusion of employees at different tiers in the finance division; collusion with employees across many divisions; employees of vendors having unrestricted access to copies of invoices; and lack of due diligence of officials vested with authority for approval and joint signatories of cheques. It also indicated lack of monitoring and supervision from the top management including CEO.

(AIN: 13021; Para: Cases 1-51; Accountabilities: Direct: Late Sangay Tshering, AFO, EID No. 27, CID 11410003558; Jigme Tshewang, Head, Finance, EID No. 39, CID 11101003631; Tshering Tenzin, GM(FAD), EID No.43, CID No. 10103002448; Rinchen Dorji, Head, Raw Materials, EID No. 01, CID No.11203001300; M/s Bhutan Hardware Agency, P/ling; Kadel Gyelmo, Accounts Assistant, EID No.74, CID No. 11101001054; Karma Phunstho, Asstt. Store Officer, EID No.48 CID No.10103002308; M/s Himalaya Traders, Pathsala; Nima Dhendup of M/s Nima Dhendup Constructions; Ugyen Tenzin of M/s Dheyud Enterprise; Sonam Wangchuk, General Manager (Works), EID No. 26, CID No. 11303000556; Chencho Samdrup, Stores Asst., EID No.171 CID. No.10805002268, RRCO Check Post, Nganglam; Yeshe Zangmo, Accounts Asst. EID No. 76, CID No. 11602002571; Tempa Dorji and Yeshe Lhamo of Yeshe Lhamo Tshongkhag; Pema Choden(spouse of Late Sangay Tshering); Tenzin Gyeltshen, Store Asst. EID No.132 CID No.10504000243; Tshewang Tenzin, Store Asstt, EID No. 079, CID No. 10608001663; Jigme Wangchuk, Head, Maintenance Division, EID No. 44, CID No. 11101001030; Tshering Wangmo, Head, Procurement & Material Management Div., EID No. 46, CID No. 10601000723; Kintu, Head, Utility & Projects section, EID No. 228, CID No. 11107006936; Tashi Penjor, Human Resource & Adm Officer, EID No. 8, CID No. 11410004260; Ramesh Kumar Thapa, Head, Mining Division, EID No. 66, CID No. 10311001518; Pema Choeki, Asst. Procurement Officer, EID No. 73, CID No. 11203001299; Tenzin Dorji, Purchase Assistant, EID No. 41, CID No. 10716000542; Kelzang Tshering, JE (Electrical), EID No. 53, CID No. 11513001254; Dhiraj Gupta; Tashi Dawa, Accounts Asstt., EID No.146, CID No.10903001945; Supervisory: Mr. Tshering Tenzin, GM (FAD), EID No.43, CID No. 10103002448; Dorji Norbu, CEO, EID No.17 CID No. 12008002340)

Status: Para remained unresolved as the cases were appealed to Dzongkhag Court, Pemagatshel against the Judgement of Dungkhag court, Nganglam and it is subjudice.

4.5.3. Bhutan Board Products Limited

Out of one unresolved significant irregularity reported to the Parliament in April 2018, the Bhutan Board Products Limited had resolved the same as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	0		0	

The detailed status of irregularity reported to the Parliament in April 2018 which was resolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. Risk to long term sustainability due to potential shortage of raw materials

The Bhutan Board Product Limited, Phuentsholing over four years from 2011 to 2014 has been procuring raw materials (logs & tops) from the private registered land/community forest at huge costs of Nu.157.440 million due to lack of timber available for extraction from the allotted leased areas. (AIN: 13220; Para: 2; Accountabilities: Direct: Kunzang Thinley, Company Secretary, CID No.10203005464; Supervisory: Sangay Wangdi, Managing Director, CID No.10503000366)

Status: Para was resolved vide letter No.RAA/OAAG-pling/FUS/BBPL-C13/2018/185 dated.20/03/2018 as the management has obtained approval for allotment of Government Reserve Forest and Forest Management Unit.

4.5.4. Natural Resources Development Corporation Limited

Out of the total unresolved significant irregularities of Nu. 0.657 million reported to the Parliament in April 2018, the Natural Resources Development Corporation Limited had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
2	Violation of Laws and Rules	0.237	-	0.237	-
3	Shortfalls, Lapses and Deficiencies	0.420	-	0.420	-
	Total	0.657	-	0.657	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 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; Para:1.2; Accountabilities: Direct: Nawang Denden, Regional Manager, CID No. 10802000718, Supervisory: Nawang Denden, Regional Manager, CID No. 10802000718)

Status: Para remained unsettled. The case is subjudice in Supreme Court, Thimphu as intimated vide letter No.NRDCL/ZONG/AFU-18/2018/1053 dated 18/06/2018.

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; Para:1.3; Accountabilities: Direct: Nawang Denden, Regional Manager, CID No. 10802000718, Supervisory Accountability: Nawang Denden, Regional Manager, CID No. 10802000718)

Status: Para remained unsettled. The case is subjudice in Supreme Court, Thimphu as intimated vide letter No.NRDCL/ZONG/AFU-18/2018/1053 dated 18/06/2018.

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; Para:1.4; Accountabilities: Direct: Nawang Denden, Regional Manager, CID No. 10802000718; Supervisory: Nawang Denden, Regional Manager, CID No. 10802000718)

Status:Para remained unsettled. The case is subjudice in Supreme Court, Thimphu as intimated vide letter No.NRDCL/ZONG/AFU-18/2018/1053 dated 18/06/2018.

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; Para: 1.5; Accountabilities; Direct: Lobzang Thinley, Asstt. Finance Manager, CID No. 102050005317, Supervisory: M. D Tamang, Regional Manager, CID No. 11301000002.)

Status:Para remained unsettled. The case is subjudice in Supreme Court, Thimphu as intimated vide letter No.NRDCL/ZONG/AFU-18/2018/1053 dated 18/06/2018.

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, Para:1.1; Accountabilities; Direct: Lobzang Thinley, Asstt. Finance Manager, CID No. 102050005317, Supervisory: M. D Tamang, Regional Manager, CID No. 11301000002.)

Status:Para remained unsettled. The case is subjudice in Supreme Court, Thimphu as intimated vide letter No.NRDCL/ZONG/AFU-18/2018/1053 dated 18/06/2018.

4.6 FINANACIAL INSTITUTIONS

4.6.1. Royal Insurance Corporation of Bhutan

Out of the total unresolved significant irregularities of Nu.19.263 million reported to the Parliament in April 2018, the Royal Insurance Corporation of Bhutan had resolved two irregularities without involving monetary value leaving a balance of Nu.19.262 million as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Fraud, Corruption & Embezzlement	-	-	-	0
2	Mismanagement	19.263	-	19.263	0
3	Violation of Laws and Rules	-	-	-	0
	Total	19.263	-	19.263	

The detailed status of irregularities reported to the Parliament in April 2018; which were resolved and unresolved as on 31/03/2018 are as discussed below:

1. Fraud, Corruption & Embezzlement

1.1. Huge delay in deposit of cash collection by the branch office to the CID 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; Para 4; Accountabilities: Direct: Rinchen Wangdi, Cashier, Head, IT Department, Corporate Office, CID No. 11102002524; Supervisory: Ugyen Wangdi, Branch Manager, Paro, CID No.11605002937)

Status: Para remained unresolved. The case has been forwarded to OAG as per the letter No.RICBL/HO/Internal Audit(36)2017/9007 dated 20/09/2017.

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; Para 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: Para remained unresolved. The case has been forwarded to the Office of the Attorney General as per the letter No.RICB/Internal Audit/2018/16130 dated 28/09/2018.

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; Para 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 & Kinley Zangmo Dorji, Finance and Accounts, CID No.10701000589; Supervisory; Namgay Lhendup, CEO, CID No.1174000003 & Sonam Dorji, ED, CID No.10711001789)

Status: Para remained unresolved. The case has been forwarded to the Office of the Attorney General as per the the letter No.RICB/Internal Audit/2018/16130 dted 28/09/2018.

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; Para 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: Para remained unresolved. The case has been forwarded to the Office of the Attorney General as per the the letter No.RICB/Internal Audit/2018/16130 dted 28/09/2018.

3.2. 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; Para 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: Para remained unresolved. The case has been forwarded to the Office of the Attorney General as per the the letter No.RICB/Internal Audit/2018/16130 dted 28/09/2018.

3.3. Non-compliance to Article IV and IX of the General Insurance Scheme Guideline

- a) The Royal Insurance Corporation of Bhutan Limited, Branch Office, Paro had neither demanded Form 1 for creation of GIS account number from the respective agencies nor submitted by the concerned agencies in line with the Article IV and IX of the General Insurance Scheme Guideline. Such lapses could result in creation of multiple dummy GIS account for each beneficiary, which would increase the risk of fraud and misuse of account by dealing officials in future. (AIN: 13209; Para 2; Accountabilities: Direct: Kezang Wangmo, Dy. Manager, FSSR, Corporate Office, CID No. 10711002032; Supervisory: Ugyen Tshewang, General Manager, FSSR, Corporate Office, CID No.10702001725)

Status: Para was settled vide letter No.RAA/CFID/RICBL(AR-19)/2017/1704 dated 13/6/2017 as the management has complied with the rules and regulations.

3.4. Non-compliance to Prudential Rules & Regulations and Corporate Governance Regulations on restrictions on directors of affiliated financial institutions

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had appointed an employee of the National Pension and Provident Fund as the board member of the RICBL in deviation to clause 6.1 of the Corporate Governance Rules & Regulations, 2011 and RMA Prudential Rules and Regulations 2002. (AIN: 13350; Para 2; Accountabilities: Direct: Phub Dorji, Legal Head, Corporate Office, CID No.10802000041, Pema Thinlay, Asstt. Manager, Finance & Accounts & Kinlay Zangmo Dorji, Finance & Accounts, CID No.11410003005; Supervisory; Namgay Lhendup, CEO, CID No.1174000003, Sonam Dorji, ED, CID No.10711001789 & Yeshe Jamtsho, GM, Finance & Accounts, CID No.10711001985)

Status: Para settled vide letter No.RAA/CFID/RICBL (AR-19)/2017/1704 dated 13/6/2017 as the management has complied with the rules and regulations.

4.6.2. Bhutan Development Bank Limited

Out of the total unresolved significant irregularities of Nu.1.244 million reported to the Parliament in April 2018, the Bhutan Development Bank Limited had not resolved any irregularities as of 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the parliament as on 31/03/2018 (Nu. In million)	Amount Resolved in Nu.million	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, Lapses and Deficiencies	1.244	-	1.244	0
	Total	1.244	-	1.244	

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies – Nu.1.244 million

1.1. Non-informing of client on the status of dormant account – Nu.1.244 million

The Bhutan Development Bank Limited, Paro had not informed clients on the status of dormant account amounting to Nu.1.244 million in line with the BDBL's Banking Manual 2011. The amount was lying with the Branch office since 2010 and the saving balances ranged from Nu.500 to Nu.64,040.66. (AIN: 13042; Para 4; Accountabilities: Direct: Tshering Pelden, Branch Manager, CID No. 10810001550; Supervisory: Pema Choden, Officiating General Manager, CID No. 10709002218)

Status: Para remained unresolved.

1.2. Non-maintenance of minimum balance in the active CD account

The Bhutan Development Bank Limited, Paro had 71 cases of active current account holders with zero or less than minimum account balance of Nu.1000 in contravention to BDBL's Banking Manual 2011. It was observed that despite zero balance in the account, 36 account holders were still categorized as active account. (AIN: 13042; Para 5; Accountabilities: Direct: Tshering Pelden, Branch Manager, CID No. 10810001550; Supervisory: Pema Choden, Offtg. General Manager, CID No. 10709002218)

Status: Para remained unresolved.

4.6.3. Bhutan National Bank Limited

One significant unresolved irregularities was reported to the Parliament in April 2018, the Bhutan National Bank Limited had resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
2	Shortfalls, Lapses and Deficiencies	-	-	-	100
	Total	-	-		

The detailed status of irregularities reported to the Parliament in April 2018 which was resolved thereafter is as discussed below:

1. Shortfalls, lapses and deficiencies

2.1. Huge differences in physical ATM cash on comparison to the ATM General Ledger balance

During the onsite inspection of nine ATMs under Bhutan National Bank Limited, Main Branch Office, Thimphu, a huge difference of Nu. 481.458 million were observed between the ATM cash balance and the ATM general ledger. As per rule of thumb, the ATM cash balance plus the amount dispensed should be equal to the ATM General Ledger balance generated by the system. (AIN: 13321; Para 5;

Accountabilities: Direct: Tenzin Gyeltshen, Head, Card Department, CID No. 11410008172; Supervisory: Kesang Namgyel, Chief Operation Officer, CID No.11513003836)

Status: *Partially settled. The BNB has intimated that the difference has been reduced to Nu.6.710 through reconciliation.*

4.7 POLITICAL PARTIES

4.7.1 Druk Phuensum Tshogpa

Out of the total significant irregularity of Nu.0.002 million reported to the Parliament in April 2018, the Druk Phuensum Tshogpa had resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Shortfalls, Lapses and Deficiencies	0.002	0.002	-	100
	Total	0.002	0.002	0	

The detailed status of irregularities reported to the Parliament in April 2018 which got resolved as on 30/09/2018 is as discussed below:

1 Shortfalls, Lapses and Deficiencies

1.1 Outstanding Advances - Nu.0.002 million

The Druk Phuensum Tshogpa had overdue outstanding advances amounting to Nu.0.041 million against several party workers and party candidates given during the Second Parliamentary Election held in 2013. *(AIN: 13106; Para: (a); Accountabilities: Direct: Sacha, CID No. 10101002667; Supervisory: Ugen Dorji, General Secretary, CID No. 11102007061)*

Status: *Paras were resolved based on the supporting documents submitted vide letter no.DPT/SG-01/2018/66 dated 28/06/2018.*

AUDIT REPORT ON AUDIT OF HYDROPOWER PROJECTS

5.1.1 Mangdechhu Hydroelectric Project Authority

Out of the total significant irregularities of Nu.221.036 million reported to the Parliament in April 2018, the Mangdechhu Hydroelectric Project Authority had resolved one irregularity amounting to Nu.20.111 million leaving the unresolved irregularities of Nu.200.925 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
2	Illegitimate Payment For Lead	20.111	20.111	-	100
5	Non-Deduction Of Liquidated Damages	2.807	-	2.807	-
6	Non-Levy Of Liquidated Damages	198.118	-	198.118	-
	Total	221.036	20.111	200.925	

The detailed status of irregularities reported to the Parliament in April 2018 and irregularities resolved thereafter and remaining unresolved as on 30/09/2018 are as discussed below:

2. Illegitimate payment for lead

The work for bench development and leveling of sites were carried out in all Contract Packages I to IV including disposal of surplus earth within or beyond construction compound.

The contractors' rates were inclusive of lead payment for disposal of surplus earth within or beyond construction compound. However, it was observed that an additional amount of Nu.20.111 million was being paid on account of disposal of excavated earth, resulting in illegitimate payment. (AIN: 13281; Para 3)

Status: Para resolved vide Part-III of Audit Report No.RAA/AR(05)/RTICD-MHEP/2018/2567 dated 5th September 2018.

6. Non-deduction of liquidated damages - Nu.2.807 million

The work on Repair & Maintenance of road between Langthil & Chunjapang, Package IV was awarded to M/s Raven Builders & Company, at the tendered amount of Nu.39.231 million with the completion period of 10 months. It was observed that the works were completed on 22nd August 2014 with delay of 57 days, for which liquidated damages of Nu.2.807 million were not levied. (AIN: 13281; Para 7)

Status: Para remained unresolved.

7. Non-levy of liquidated damages –Nu.198.118 million

The review of records revealed that despite granting three time extensions, the contractors had failed to complete the following works even in the extended time period.

Sl. No.	Contractor	Contract Value (Nu.in million)	Remarks
1	M/s Druk Zorig Gongphel Construction	104.392	Contract Package-I
2	M/s Jachung Builders	93.726	Contract Package-II
	Total	198.118	

The same issue was raised even during the previous audit through Para No. 3 of Audit Report issued vide No. RAA/AR/(RTICD-MHPA)/2014/2425 dated 29th August 2014 and the management during the Audit Exit Meeting had agreed to recover the liquidated damages.

However, it was observed that the management had failed to take any actions on the contractor. Further, it was also observed that M/s Jachung Builders had not completed the construction of office building as of dates of audit.

(AIN: 13281; Para 8)

Status: Para remained unresolved. The issue is reported to be under litigation and final verdict is awaited.

5.1.2 Punatshangchhu-I Hydroelectric Project Authority

Out of the total significant irregularities of Nu.25.323 million reported to the Parliament in April 2018, the Punatshangchu-I Hydroelectric Project Authority had not resolved any irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
1	Non recovery of 13% interest from the contractor	24.912	-	24.912	-
3	Excess payment	0.411	-	0.411	-
	Total	25.323	-	25.323	-

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as indicated below:

1. Non recovery of 13% interest from the contractor – Nu.24.912 million

The Punatshangchu-I Hydroelectric Project Authority had not recovered 13% interest amounting to Nu.24.913 million from the contractor in deviation to the Clause 79 of the contract document IV of MC-3 and Clause-70 of the GCC of the Contract.

It was observed that the steel liner plates were delivered at contractor's store based in Phuentsholing and accordingly the 13% interest on advance amounting to Nu.3.996 million was recovered from the contractor as shown below:

Date of Advance	Total Qty	Advance amount [Nu.in million]	Date of delivery at P/ling	No. of days	Interest amount [Nu.in million]
22/10/2011	1838.778	167.123	07/11/2011	17	1.012
26/12/2011	2144.809	208.230	04/01/2011	10	0.742
02/02/2012	3112.015	273.634	24/02/2012	23	2.242
Total	7095.602	648.987			3.996

However, the fabrication shop site had been provided by the PHPA to the contractor at Rurichhu, Wangdue and the fabrication shop had already been set up at the site by the contractor. As such, the contractor had not delivered the steel liner plates at the fabrication shop at Rurichhu in line with the contract agreement. Had the PHPA insisted the contractor to deliver the plates at the fabrication workshop, the PHPA could have got the additional benefit of Nu.24.912 million on account of the 13% interest on advance as shown below:

Date of Advance payment	Final Delivery at Rurichhu	No. of days	Interest to be recovered (Nu.in million)	Short recovery (Nu.in million)
22/10/2011	22/12/2011	61	3.631	2.619
26/12/2011	13/03/2012	78	5.785	5.043
02/02/2012	20/08/2012	200	19.492	17,250
Total			28.908	24.912

Therefore, the delivery of steel plates at Phuentsholing store had benefitted the contractor by not having to pay 13% interest amounting to Nu.24.912 million (Nu.28.908– Nu.3.996).

(AIN: 13214; Para 2)

Status: Para remained unresolved.

3. Excess payment - Nu.0.411 million

The Phunatshangchu-I Hydroelectric Project Authority had made excess payment of Nu.0.411 million to the officials on account of stipend during training in India which was in deviation to the Clause 25.2 (a) of the Service Rules of PHPA-I. The excess payment had occurred due to payment made to officials at DSA rates instead of stipend. (AIN: 13214; Para 9)

Status: Para remained unresolved.

5.1.3 Punatshangchhu-II Hydroelectric Project Authority

Out of the total significant irregularities of Nu.1.115 million reported to the Parliament in April 2018, the Punatshangchu-II Hydroelectric Project Authority had not resolved any irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	Percentage resolved
2	Unjustified payment of Additional Project Handling Allowances	1.115	-	1.115	0
	Total	1.115	-	1.115	0.00

The detailed status of irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 are as discussed below:

2. Unjustified payment of Additional Project Handling Allowances - Nu.1.115 million

The Punatshangchu – II Hydroelectric Project Authority had made payment of Additional Project Handling Allowances amounting to Nu.1.115 million to the staff of PHPA-I as the management for PHPA-I & II were same and stationed at Thimphu.

However, with the shifting of offices to Bjimethangka where there is an established office of PHPA-I & II separately and almost all the vacant posts in PHPA-II have been filled up and the service of PHPA-I office is no more required, yet the officials of PHPA-I were still being paid the Additional Project Handling Allowances, which is not justifiable. (AIN: 13246; Para 5)

Status: Para remained unresolved.
