

Budget irregularities rose by 134.1% in 2019

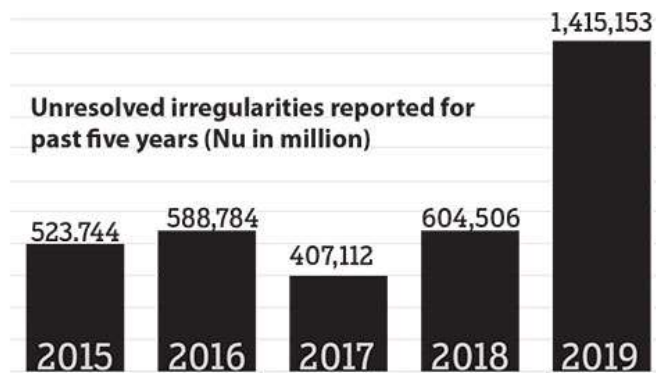
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This is the highest irregularity reported in the past five years
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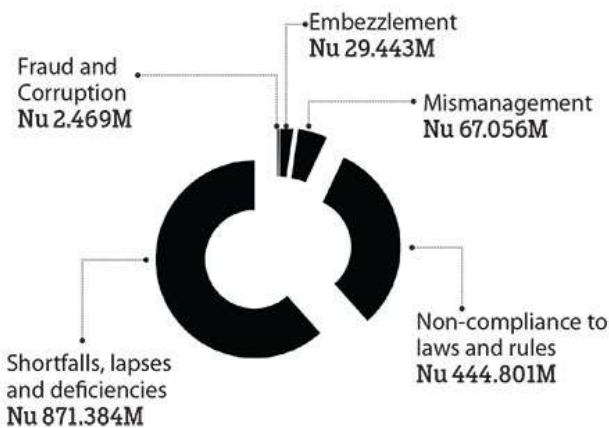
Shortfalls, lapses and deficiencies in various agencies and organisations amounted to over Nu 871 million (M) in 2019, with financial institutions having the highest of irregularities worth over Nu 288M followed by the ministries with over Nu 268M.

The Royal Audit Authority (RAA) in its latest annual report highlights an unresolved significant irregularity amounting to Nu 1.415 billion (B) in 2019, which is an increase by 134.1 percent from the irregularities reported in 2018.

The annual audit report 2019 has been compiled from 564 audit reports issued last year.



Irregularities by categories



However, RAA in 2019 reported irregularities amounting to over Nu 3.53B of which audit findings worth over Nu 2.1B were either resolved and or were not material for inclusion in the annual report.

As per the report, the significant increase in irregularities (134.1 percent) is attributed to issues related to the construction of Gyalpoizhing-Nganglam highway project under the works and human settlement ministry, overdue loans and advances under Bhutan National Bank Limited (BNBL) and embezzlement of funds reported under Samdrupcholing drungkhag, Samdrupjongkhar.

The report states that the Lingmethang regional office under the Department of Roads has made avoidable payment of Nu 0.625M for the formation cutting of Gyelpoishing-Nganglam highway project. The office had not levied liquidated damages amounting to over Nu 49M and suffered a financial loss of Nu 120M in the construction of the road among others.

With over Nu 520M, the works and human settlement ministry reported the highest amount of irregularities among the budgetary agencies.

Of the four categories of irregularities observed for the ministry, more than Nu 292M was for non-compliance to laws and rules followed by over Nu 212M for the shortfall, lapses and deficiencies. More than Nu 14M fell under cases with elements of embezzlement.

Samdrupjongkhar dzongkhag administration was next with irregularities over Nu 135M followed by the home ministry with over Nu 46M.

Among the non-budgetary agencies, BNBL reported the highest irregularities over Nu 229M followed by the National Pension and Provident Fund (NPPF) with over Nu 54M. Bhutan Post also recorded irregularities amounting Nu 21M last year.

Irregularities by category

Following the shortfall, lapses and deficiencies reasons, non-compliance to laws and rules made up the second major reason for the audit irregularities last year.

The irregularities under the category amounted to over Nu 444M of which government ministries comprised the portion amounting to over Nu 342M. Next was the dzongkhag administrations with Nu 34.997M followed by autonomous agencies with irregularities of Nu 35.855M.

Mismanagement in the different agencies – government and autonomous amounted to over Nu 67M worth of irregularities.

Embezzlement and fraud and corruption each made up irregularities worth over Nu 29M and Nu 2.4M respectively.

The report stated that the highest embezzlement irregularities were reported under government ministries worth over Nu 14M followed by corporations (over Nu 7.6M) and dzongkhags administrations (over Nu 7.5M).

With Nu 14.113M, the works and human settlement ministry had the highest significant fraud and embezzlement cases followed by Samdrupjongkhar dzongkhag with Nu 8.398M. Food Corporation of Bhutan (FCB) also recorded Nu 6.504M worth of fraud and embezzlement cases.

Thimphu Thromde and Bhutan Telecom Limited each recorded fraud and embezzlement cases worth Nu 1.669M and Nu 1.163M respectively.

Irregularities in hydropower projects

The audit report highlighted that irregularities in two hydropower projects – Mangdechhu hydroelectric project (MHEP) and Punatsangchhu-I hydroelectric project (PHPA-I) amounted to over Nu 380M.

The highest irregularities for two projects were reported under non-compliance to laws and rules involving over Nu 241M worth of irregularities. Over Nu 139M was reported under shortfalls, lapses and deficiencies.

Meanwhile, RAA made recoveries of Nu 181M last year, an increase of 80 percent compared to 2018.