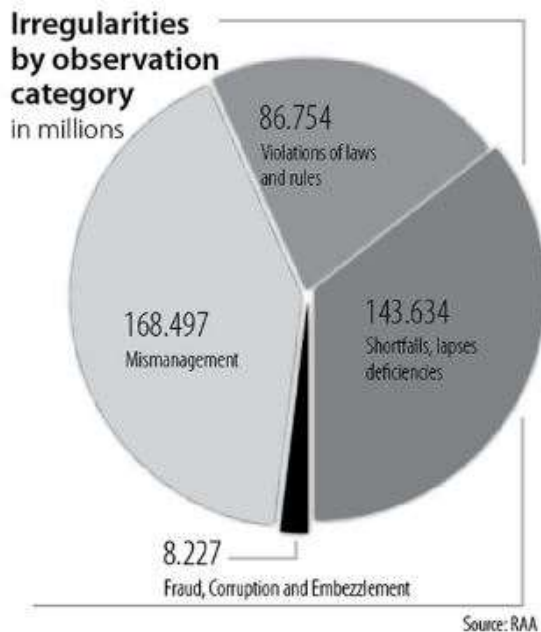


Leadership must take moral responsibility and accountability for irregularities: RAA

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As on March 31 this year, there were unresolved irregularities amounting to Nu 407 million (M), according to the annual audit report 2017.

In 2017, the Royal Audit Authority (RAA) made audit recovery of Nu 94.473M. Total audit recoveries made for 2017 by the corporations and financial institutions amounted to Nu 2.138M.



The report highlighted unresolved issues pertaining to 10 ministries, 12 dzongkhag administrations, 41 gewog administration under 13 dzongkhags, 12 autonomous agencies, 10 corporations, and three non-governmental organisations.

As compared to the irregularities of Nu 588.784M reported in 2016, the irregularities significantly decreased by 30.86 percent, according to the report.

Under the budgetary agencies, the highest amount of irregularities was reported under Ministry of Works and Human Settlement with Nu 46.6M, followed by Ministry of Health with Nu 31.335M, and Ministry of Finance with Nu 27.45M.

Under the non-budgetary agencies, Druk Green Power Corporation had the highest amount of reported irregularities of Nu 107.303M, followed by Bhutan Film Association with Nu 18M, and Penden Cement Authority Limited with irregularities of Nu 12.959M.

The irregularities in 2017 were grouped into four broad audit categories. The highest amount of irregularities of Nu 168.497M was reported under the category 'mismanagement', followed by Nu 143.634M under the category 'shortfalls, lapses and deficiencies'.

Under violations of laws and rules category, irregularities of Nu 86.754M and 'fraud, corruption and embezzlement' of Nu 8.227M were reported.

The RAA also reported cases with possible elements of fraud, corruption and embezzlement pertaining to some agencies during the year. The total amount reported under this category amounted to Nu 8.227M, representing 2.02 percent of the total irregularities.

The RAA also reported irregularities in three hydropower projects amounted to Nu 3.902 billion (B). Of the total irregularities, PHPA-II had the highest irregularities with over Nu 3B, followed by PHPA-I with Nu 819M, and the MHPA with Nu 81.8M.

The highest irregularities were reported under the category “violations of laws and rules” with Nu 3.788B, representing 97.08 percent of the total irregularities.

Shortfalls, lapses and deficiencies category had reported irregularities of Nu 107.915M, mismanagement had Nu 6.058M, representing 2.77 percent and less than 1 percent respectively.

No irregularities were reported under the “fraud, corruption and embezzlement” category in the hydropower projects.

The report stated that the top management and leaders of an agency or an organisation had the authority and the influence to define its own accountability culture in the agency or organisation.

The report recommended that the leadership of an agency take up moral responsibility and accountability for irregularities and define a strong accountability culture that should stand as an example for supporting levels to follow. “The leadership must drive the agency to develop strong internal controls and mechanisms in order to function free of malpractices, misconducts and misuse.”

It stated that the RAA through its audit reports had pointed out cases of irregularities that required both accountability and remedial measures and the current practice of holding officials accountable for their actions at a direct level and a supervisory level had worked in recovering misused fund, rectifying sub-standard works and resolving many other audit issues.

“However, the officials shouldering these accountabilities in most agencies are not at the highest level as expected and are indicative of a weak accountability culture in the organisation. The Parliament also resolved to fix accountability on the head of agency for failure to resolve long standing audit issues and cases,” stated the report.

Most irregularities, lapses and deficiencies contained in the reports emanated from weak enforcement of relevant rules pertaining to management of contracts, procurements, revenues and funds as well as inadequacies in operation of internal controls.

The non-adherences and non-compliances to the requirement, thus, had become serious issues of concerns, according to the report. “Such practices not only impede economy, efficiency and effectiveness of operations of agencies but also facilitate perpetration of undesirable practices that are detrimental to the interest of the government.”

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