



Nu 4.3B worth of irregularities unresolved

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The Royal Audit Authority (RAA) could resolve irregularities worth only Nu 66M, leaving Nu 4.3B worth of pending audit issues reflected in the annual audit report 2017.

This is according to the review report of the Public Accounts Committee (PAC) that was presented at the joint sitting of the parliament yesterday.

While the resolved amount forms only 1.5 percent of the total irregularities as of September 2018, 91.5 percent or Nu 3.95B worth of irregularities pertains to hydropower projects.

Excluding the hydropower projects, only Nu 365M pertains to ministries (Nu 100M), 12 dzongkhags (Nu 35.5M), 40 gewogs (Nu 10.9M), nine autonomous agencies, 10 corporations and three non-governmental organisations.

The irregularities pertaining to hydropower were a result of joint audit conducted by RAA and Comptroller and auditor general of India on Punatshangchhu I, II, and Mangdechhu projects.

Among the hydropower projects, the two projects of Punatshnagchhu did not resolve any irregularities totaling Nu 3.82B.

PHPA II had unresolved irregularities amounting to more than Nu 3B as of September 2018. Details from the annual audit report 2017 reveal that not a single memo was resolved.

The joint audit booked Nu 2.96B of PHPA II under violation of laws and rules. The RAA found that PHPA II had huge delay in contract package including construction of diversion tunnel, dam, intake tunnel and desilting chamber.

Due to delay in excavation of tunnels and concreting of dam, it was deferred by 1,248 days resulting in huge cost overrun and revenue loss.

Non conformity to specification of PVC water stop for dam construction, according to the audit report may lead to failure of water sealing causing seepage from the joints of foundation level concrete.

PHPA II had also incurred unavoidable expenditure of Nu 10.12M on account of excess manpower deployment in project offices. Extra expenditure as a consequence of payment due to unrealistic bill of quantities (BOQ) has cost the project Nu 1.5B. Deviation varied between 1.6 percent and

8,784 percent. “The project could have avoided the extra payment had the estimates been prepared realistically,” the annual audit report 2017 stated. Excess payment alone accounted for more than Nu 1B.

Similarly, the Nu 819M irregularities marked against PHPA I still remain. Of the total unresolved irregularities, Nu 801M pertains to violation of laws and rules. Excess payment on escalation due to non-incorporation of secured advance cost the project Nu 179M.

The construction of HRT and maintenance works was completed in all except for filling the HRT to monitor leakages, damages and other defects due to the non-availability of water. The construction of dam is considerably delayed. The joint audit found that the management had waived off the criteria of passing the final test and issued the completion certificates without conducting test.

Further PHPA-I had made an overpayment aggregating to Nu 590M on account of contractor’s overhead and profit. “PHPA I had made an unrealistic estimate of loose or cut rocks and its haulage leading to enormous cost overrun,” the audit report stated.

The audit also found Nu 12.6M avoidable expenditure paid to WAPCOS for excess manpower deployment.

Mangdechhu project has resolved its irregularities from Nu 81.8M to Nu 58.6M as of September 2018.

During the deliberation at the joint sitting yesterday, the national council chairperson Tashi Dorji said the project authorities should be called for public hearings the PAC conducts.

The economic affairs minister Loknath Sharma said he would make sure that all pending irregularities are resolved. He said that a meeting with the project authorities is slated towards the end of this month and that he would ensure the project management would be asked to resolve the issues at the earliest.

Tshering Dorji