



## **RAA recovers Nu 106.3M from irregularities**

June 22, 2019

In 2018, the Royal Audit Authority (RAA) recovered Nu 106.368 million (M) after issuing 597 audit reports.

There are unresolved irregularities of about Nu 604.380M.

This was revealed yesterday by auditor general Tshering Kezang while releasing the annual audit report, 2018.

It stated that Nu 100.993M of the recovered amount was credited into the audit recovery accounts and Nu 5.375M to corporations and financial institutions.

According to the audit press release, the highest irregularities of Nu 262.284M was from shortfall, lapses and deficiencies, Nu 185.100M from non-compliance of laws and rules, Nu 127.384M from mismanagement and Nu 29.612 from fraud, corruption and embezzlement.

It was revealed that under the budgetary agencies, the highest amount of irregularities is reported in the agriculture ministry with Nu 80.093M followed by the information and communications ministry with Nu 53.089M and works and human settlement ministry with Nu 52.536M.

Under non-budgetary agencies, Druk Air Corporation has the highest amount of reported irregularities of Nu 93.050M, followed by State Trading Corporation of Bhutan (STCB) with Nu 49.119M and Farm Machinery Corporation with Nu 22.317M irregularities.

It also stated that works and human settlement ministry has the highest amount of fraud and corruption cases at Nu 11.777M and information and communications ministry at Nu 7.259M.

Gewogs in Mongar dzongkhag have fraud and corruption cases of Nu 3.425M, Chukha dzongkhag administration has Nu 3.011M and Bhutan Agro Industries Ltd has Nu 2.5M.

Punatsangchhu project I has the highest irregularities amounting to Nu 1006.913M, Punatsangchhu II has 657.019M and Mangdechhu has 107.995M.

RAA officials clarified that 2018 audit reports are released in 2019 as per the Constitution and Public Finance Act, which mandate officials to compile reports for six months and another three months for auditing. Audit reports are prepared by April 30.

Officials said that while there are improvements in internal management system, there are deficiencies because of the change in management, lack of experiences and entrusting huge responsibility to inexperienced employees.

A deputy auditor general, Ugyen Dorji, said the increasing number of audit issues should let people question everyone's ethical leadership and values eroding in the country.

He said 70 to 80 percent of the audit issues pertain to constructions and RAA issued recommendations for construction management, which include ensuring proper planning and scheduling of construction works to avoid delays in completion of works.

It also stated that agencies must ensure that drawings, designs and estimates are complete in respect of deliverables sought; agencies must enforce the release and recovery of advances as per the provision of contract and regulating the practice of booking expenditure without completing works.

RAA also recommended the process for taking over of completed works must be clearly delineated.

RAA also released five performance audit reports.

### **IT audit of core banking system in BDBL**

RAA observed that there was no defined and approved system migration methodology to serve blue print for system migration from asset-backed security (ABS) to Finacle core banking system (CBS) in Bhutan Development Bank Ltd.

This was revealed during the IT audit of CBS of the bank from April 1, 2017 to September 30, 2018.

It also found out field receipts management for farmers outreach banking was found not fully supported in Finacle CBS. "Draft IT policies were not enforced."

Weaknesses in user account and access management have led to 10 employees with more than one user account, 15 generic or unidentifiable user accounts, 18 instances of access rights being wrongly assigned. "Moreover, the access rights of former employees were not deactivated in the system."

The reports generated by Finacle CBS was incorrect with cases such as un-reconciled differences in the trail balance and wrong information reflected in portfolio at risk reports and non-performing loan reports. "There were non-compliance to Royal Monetary Authority's compliance requirements and BDBL's prescribed manuals and notifications while providing loan services.

## **IT audit on G2C system**

When IT audit was conducted for online issuance of passport under Ministry of Foreign Affairs (MoFA), online issuance of rural timber permit from MoAF, governance and management aspects of the G2C services in public services and grievances redressal division (PSGRD), cabinet secretariat, Department of Local Governance, MoCHA, community centres and Department of Information Technology and Telecom (DITT), it was found out that the documentation on the prioritisation and system development of the G2C services were found inadequate.

It also found out that 36 online systems were developed, but left unused resulting in waste of resources. “There are services which are operational but all features were not fully used.”

There was no proper mechanism instituted to facilitate knowledge transfer from the system developer to the system users and no adequate training provided.

Internal control mechanism over the issuance of online passport is inadequate and passport inventory management system is weak.

It also found out that community centres were not equipped adequately in terms of infrastructure and human resources.

The audit was conducted from January 1, 2015 to December 31, 2017.

## **Vehicle quota system**

RAA pointed out that there are inadequacies, inconsistencies and shortcomings resulting from unclear strategy on government vehicles, lack of clarity on the legal and policy framework, weak administrative, supervisory and monitoring controls in the administration of government vehicles and foreign vehicle quota system.

It stated that 167 officials who were not eligible or not covered by the extant rules and regulations were using the common pool vehicles as designated vehicles.

“There are 19 types of vehicles used as common pool vehicles, which showed varying and uneconomical mileage and maintenance expenses,” the report stated.

RAA observed misuse of foreign vehicle quota.

## **Tashi Dema**