



རྒྱལ་གཞུང་ཚེས་ཞིབ་དབང་འཛིན། ROYAL AUDIT AUTHORITY

Bhutan Integrity House

Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



RAA/AG-SP/04/2021-2022/091

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NOTIFICATION

One of the frequently occurring irregularities in agencies is the excess payment in constructions and it constitute a significant portion of irregularities reported by the Royal Audit Authority (RAA) in its Annual Audit Reports. The lapses such as **'payments made for works not executed or less executed'** are invariably categorized under excess payment. Usually, the agencies are asked to recover the amount and deposit into Audit Recoveries Account in settlement of the issue. While recoveries are made, the incomplete works are left unattended and the overall quality of work is compromised. The intended beneficiaries are deprived of the desired quality of infrastructure when no effort is made to restore/rectify the works. Further, limiting the actions to mere recovery does not justify the offences committed by the contractors in failing to deliver goods and services as per contract and for misrepresentation of facts or fudging its claims. The leniency is extended to defaulting parties and officials which may indeed encourage repeat offences with no commensurate obligations or penalties imposed for poor performance and misrepresentation. Such a lenient approach takes a toll on overall governance system and builds a culture that tolerates fraudulent practices across agencies.

Some of the excess payment could be direct and simple cases which would have occurred due to computational error or measurement error. Mere recovery in such cases may be justified given that it had occurred unintentionally. However, most of the cases of excess payments are calculated based on the lapses having potential to undermine the overall integrity of the infrastructure.

Therefore, in order to ensure that structures and infrastructures are delivered at the desired level of quality, and appropriate officials and parties are held to account for any lapses leading to compromise of quality and integrity of the structures and infrastructures, **the RAA shall insist for full restoration/rectification of works rather than mere recoveries for cases of incomplete/ inferior works observed by RAA. The RAA shall be firm in holding officials to account for any actions that are assessed to have created drain of resources, compromised quality of infrastructure as well as the underperformance of agencies and insist for appropriate sanctions based on the culpability of individuals. The treatment of the cases of excess payment shall not be limited to restituting the amount but also holding individuals accountable (officials and parties) for restoring the compromised structures/infrastructures to a desired level of quality even if it may require dismantling the entire structures. Individuals and parties shall not be absolved of accountability until adequate monetary recompense is made or infrastructure restored to conform to the specifications sought.**

This notification is issued to call on all public institutions, and public officials to take a firm stand against delivery of substandard or incomplete works delivered by the contractors and be informed that strict accountability shall be enforced on officials and parties for any lapse that compromises the quality of constructions.


(Tashi)
Auditor General

"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."

- His Majesty the King Jigme Khesar Namgyel Wangchuck