

## **RAA finds Nu 15M irregularities related to parking fee collection**

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### **Thukten Zangpo**

The Royal Audit Authority (RAA) found irregularities worth Nu 15 million concerning the contract of parking fee collection in Thimphu Thromde.

Upon review of the Thimphu Thromde's financial audit report, the Authority found that M/s Lhaki Enterprise was terminated by the Thromde without forfeiting the performance security deposit of Nu 6 million and parking fees dues amounting to Nu 9 million not collected by Thimphu Thromde.

M/s Lhaki Enterprise was awarded the parking fee collection located in front of dzongkhag administration at a quoted amount of Nu 36 million for three years from August 8, 2020.

However, after a month of operation, Thimphu Thromde negotiated and reduced the contract amount from Nu 36 million to Nu 28 million upon the request of the contractor.

Thimphu Thromde responded that the General Manager of M/s Lhaki Enterprise had informed the Thromde office regarding the stoppage of parking fee collections for 24 slots in front of the office by its administration because of the impact of Covid-19 lockdown.

Thromde added that the Thrompon approved 24 slots of parking as reserved parking for dzongkhag administration and allowed deduction for 24 months from the parking list.

The overall parking fee amount was reduced to Nu 28 million as compensation claims to the contractor considering frequent lockdowns and movement restrictions, Thromde stated.

On April 18 last year, Thimphu Thromde terminated M/s Lhaki Enterprise from the operations and collections of the parking fee for failing to observe the final notice for the renewal of bank guarantee and non-payment of the monthly parking fee collections.

Thromde stated that despite several reminders, the contractor neither submitted the renewed bank guarantee nor deposited the parking fees payable to the Thromde.

On the expiry of bank guarantee, the Thromde issued two letters and four letters notifying to the contractor to pay the parking fees as agreed.

Two letters dated on January 26 and February 28 last year were also issued as a final reminder to the contractor.

The issue is with Thromde's legal division with the directives to take up the case with the court. "Any further development on the case shall be intimated to the Authority," the thromde stated.

The RAA had informed Thromde that the legal recourse to be resorted to is limited to internal memo within Thromde; the actual referral of the case to the court is yet to be completed.

The Authority asked the Thromde to ensure that legal proceedings are initiated without further delay to expedite the recovery of Nu 15 million due from the party including both in performance security and installment outstanding.

Additionally, the management should invoke necessary contractual provisions on termination and ensure appropriate recourse is initiated to recover the dues from the parties.