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Audit reveals major deficiencies and lapses in construction of MCH, Thimphu

The Royal Audit Authority found significant deficiencies and lapses in the construction of the 150-bed Mother and Child Hospital in Thimphu. The Financial Audit was conducted between 2022 and 2023. The Nu 1.5bn hospital funded by the government of India was inaugurated last year. The project was implemented by the Department of Biomedical Engineering with the National Medical Services.

The financial audit report revealed that the Department of Biomedical Engineering made an excess payment of more than Nu 53.5 M to the contractor. The project manager said it was a computation error or a calculation error. During the verification, the audit found a mismatch between the value of work done and the amount paid to the contractor.

Excess payments amounting to nearly Nu 27.8 M were also reported on account of the contractor's claim for increased quantities of work at the site.

Inadmissible payment of Nu 9.2 M was made for Reinforced Cement Concrete Rabseys. The payment was made by calculating individual item costs instead of following the bill of quantities rates or contract rates, violating contract rules.

It also revealed that a payment of Nu 155.8 M was approved for substituted items, with unusually high rates from a Bhutanese subcontractor. The contract required the contractor to submit analysed rates for changes before work begins, but this process was not followed. The project management also failed to negotiate the rates. Payment was instead approved based on rates submitted after the work was completed.

The report also highlights payments for work not done, wasteful spending on dismantled items, and payments made for critical systems without proper reports.

The contractor has been asked to pay Nu 60 M as a recovery amount in instalments to the audit. The contractor has agreed to pay Nu 5 M by the end of this month. The contractor has requested to pay the remaining amount in 10 instalments which is yet to be finalized.

The report said the dealing and supervising officials did not do their job properly, and there was a lack of proper internal control system within the department. The report recommends recovering the excess funds and taking administrative action against those responsible.

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