

PART-I Summary of the Review Report 2007

The Royal Audit Authority (RAA) had submitted the review report of unresolved audit irregularities of the Annual Audit Report 2007 to the Third Session of the First Parliament in May 2009. The review report had unresolved irregularities of Nu.39.980 million. In line with the directives of the Parliament, the Royal Audit Authority carried out a further review of the unresolved irregularities and submitted a report to the Finance and Audit Committee on 30th December 2009 as required under Section 178 & 179 of the Public Finance Act of Bhutan, 2007. As per the decision of the Finance and Audit Committee, the RAA in January 2010 again circulated the status of unresolved reports to the agencies concerned for further action. Appropriate media announcement was also made in an attempt to resolve all the pending issues.

Based on these initiatives, irregularities amounting to Nu.22.473 million (around 56%) were resolved leaving a balance of Nu.17.507 million (around 44%) as shown in **Graph 1** and in **Table 1**.

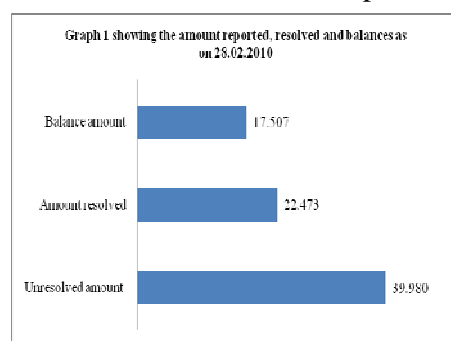
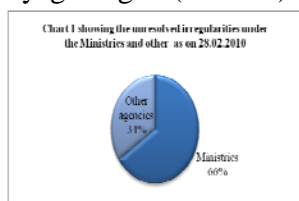


Table 1 showing agency wise irregularities resolved and balances as on 28.02.2010

SL. No.	Agency	Unresolved amount reported to the Parliament (Nu)	Total amount resolved (Nu)	Balance as on 28/02/2010 (Nu.)	% resolved
1	Ministries	21.336	9.867	11.469	46.25%
2	Dzongkhags	5.949	1.392	4.557	23.40%
3	Gewogs	1.093	0.779	0.314	71.27%
4	Autonomous Bodies	0.255	0.141	0.114	55.29%
5	FI & Corps	11.155	10.202	0.953	91.46%
6	NGOs ¹	0.192	0.092	0.100	47.92%
	Total	39.98	22.473	17.507	56.21%

The financial institutions and corporations resolved 91.46% of the irregularities followed by gewogs (71.27%) and autonomous bodies 55.29%. NGOs and ministries resolved 47.92% and 46.25% of the irregularities respectively. Dzongkhags resolved only 23.40% of the unresolved irregularities. The details of category wise irregularities reported to the Parliament as on May 2009, irregularities resolved thereafter and balances as on 28.02.2010 are as



¹ Non Governmental Organizations

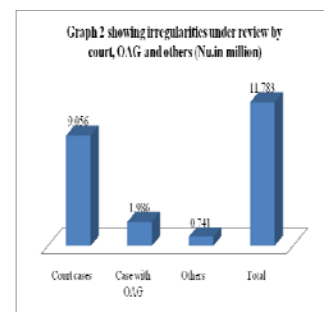
summarized in Table 2 below.

Table 2 showing category wise irregularities resolved and balances as on 28.02.2010

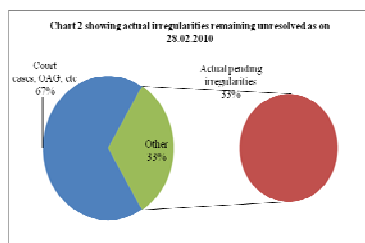
SL. No.	Category	Unresolved amount reported to the Parliament (Nu)	Total amount resolved (Nu)	Balance as on 28/02/2010 (Nu.)	% resolved
1	Fraud, Corruption and Embezzlement	12.867	2.016	10.851	15.67%
2	Mismanagement	4.401	1.138	3.263	25.86%
3	Violation of laws, Rules and Regulations	0.802	0.657	0.145	81.92%
4	Shortfalls, lapses and deficiencies	21.910	18.662	3.248	85.18%
	Total	39.980	22.473	17.507	56.21%

As would be evident from Table 2, the percentage of amounts resolved under the categories violation of laws, rules and regulations; and shortfalls, lapses and deficiencies were 81.92% and 85.18% respectively. However, the percentage of amounts resolved under the categories fraud, corruption and embezzlement and mismanagement was only 15.67% and 25.86% respectively. Of the remaining unresolved irregularities of Nu. 17.507 million, Nu.10.851 million i.e., 61.98% of the total unresolved irregularities pertain to fraud, corruption and embezzlement category.

Out of the unresolved irregularities of Nu.17.507 million, actions have been initiated in respect of irregularities aggregating to Nu. 11.783 million which comprise of irregularities of Nu.9.056 million under sub-judice, irregularities involving Nu.1.986 million under review by the Office of the Attorney General and Nu.0.741 million in the process of being resolved. These are also depicted in Graph 2. After considering the cases as shown in Graph 2, the remaining unresolved irregularities works out to



Nu.5.724 million only (Nu.17.507 million – 11.783 million) as shown in Chart 2. Thus



out of unresolved irregularities of Nu. 39.980 million as reported to the Parliament in May 2009, irregularities aggregating to Nu. 34.256 million (Nu. 22.473 million +11.783 million) were either resolved or actions have already been initiated to resolve them leaving unresolved irregularities of Nu. 5.724 million (14.32%).

A brief summary of the irregularities reported to the Parliament in May 2009, resolved thereafter and remaining unresolved as on 28.02.2010 under four categories of irregularities is given below:

1. Fraud, Corruption and Embezzlement amounting to Nu.2.016 million resolved.

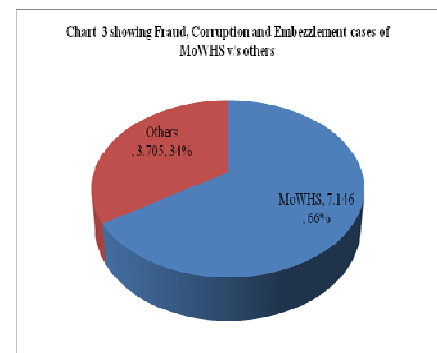
The aggregate amount of unresolved irregularities under the category ‘fraud, corruption and embezzlement’ reported to the Parliament in May 2009 was Nu.12.867 million. Thereafter, irregularities aggregating to Nu.2.016 million (around 16%) were resolved leaving a balance of Nu.10.851 million (around 84%) as summarized in Table 3.

Table 3 showing agency wise fraud, corruption and embezzlement resolved and balances as on 28.02.2010

SL. No.	Agency	No of unresolved cases	Amount reported to the Parliament (Nu)	Total Amount resolved (Nu)	Balance as on 28/02/2010 (Nu.)	No of cases resolved	% resolved
1	Ministries	13	8.978	1.671	7.307	6	18.61%
2	Dzongkhags	15	2.931	0.062	2.869	7	2.12%
3	Gewogs	12	0.352	0.218	0.134	6	61.93%
4	Autonomous Bodies	1	0.065	0.065	0	1	100.00%
5	FI and Corporations	1	0.541	0	0.541	0	0.00%
	Total	42	12.867	2.016	10.851	20	15.67%

Table 3 shows that out of total of 42 unresolved cases of ‘fraud, corruption and embezzlement’ amounting to Nu. 12.867 million, irregularities amounting to Nu. 2.016 million were resolved leaving a balance of Nu.10.851 million. The autonomous bodies resolved 100% of the irregularities under this category followed by gewogs (61.93%). In terms of number of cases resolved, the dzongkhags had resolved 7 cases out of 15 cases, ministries resolved 5 out of 13 cases and gewogs resolved 6 out of 12 cases. In respect of the financial institutions and corporations, the case remained unresolved as the incumbent is serving the jail sentence.

Out of the total unresolved irregularities of Nu. 10.851 million, Nu.7.146 million (66%) pertained to court case on payment made for the works not executed in the construction of expressway as shown in Chart 3.



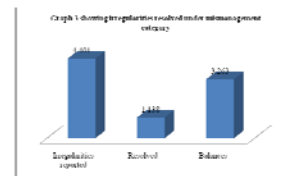
2. Mismanagement amounting to Nu.1.138 million resolved.

The aggregate amount of unresolved irregularities under the category ‘mismanagement’ reported to the Parliament in May 2009 was Nu.4.401 million. Thereafter, irregularities aggregating to Nu.1.138 million (around 26%) were resolved leaving a balance of Nu.3.263 million (around 74%) as shown in Table 4 and Graph 3.

Table 4 showing agency wise irregularities under mismanagement category as on 28.02.2010

SL. No.	Agency	Unresolved amount reported to the Parliament (Nu)	Total amount resolved (Nu)	Balance as on 28/02/2010 (Nu.)	% resolved
1	Ministries	4.176	1.085	3.091	25.98%
2	Dzongkhags	0.085	0.053	0.032	62.35%
3	Gewogs	0.140	0	0.140	0.00%
	Total	4.401	1.138	3.263	25.86%

As transpired from Table 4, the dzongkhags had resolved 62.35% of the irregularities under this category. While the ministries resolved 25.98% of the irregularities, the gewogs did not resolve any irregularities.



3. Violation of laws, Rules and Regulations amounting to Nu. 0.657 million resolved.

The aggregate amount of unresolved irregularities under the category ‘violation of laws, rules and regulations’ reported to the Parliament in May 2009 was Nu.0.802 million. Thereafter, irregularities aggregating to Nu.0.657 million (around 82%) were resolved leaving a balance of Nu.0.145 million (18%) as summarized in Table 5. The agency wise breakup of the unresolved amount of Nu.0.145 million in percentage is shown in Chart 3.

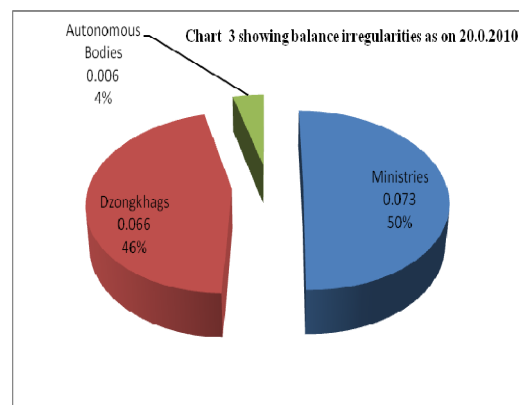


Table 4 showing agency wise irregularities resolved and balances under violation of laws, rules and regulations as on 20.02.2010

SL. No.	Agency	Unresolved amount reported to the Parliament (Nu)	Total amount resolved (Nu)	Balance as on 28/02/2010 (Nu.)	% resolved
1	Ministries	0.718	0.645	0.073	89.83%
2	Dzongkhags	0.078	0.012	0.066	15.38%
3	Autonomous Bodies	0.006	0	0.006	0.00%
	Total	0.802	0.657	0.145	81.92

As transpired from the Table 5, the ministries resolved 89.83% of irregularities. However, the autonomous bodies failed to resolve the irregularities amounting to Nu.0.006 million. The dzongkhags resolved only 15.38% of the irregularities.

4. Shortfalls, Lapses and Deficiencies amounting to Nu-18.662 million resolved.

The aggregate amount of unresolved irregularities under ‘shortfalls, lapses and deficiencies’ reported to the Parliament in May 2009 was Nu.21.910 million. Thereafter, irregularities aggregating to Nu.18.662 million (85%) were resolved leaving a balance of Nu.3.248 million (15%) as summarized in Table 6.

Table 5 showing agency wise irregularities resolved and balances under shortfalls, lapses and deficiencies as on 28.02.2010

SL. No.	Agency	Unresolved amount reported to the Parliament (Nu)	Total amount resolved (Nu)	Balance as on 28/02/2010 (Nu.)	% resolved
1	Ministries	7.464	6.466	0.998	86.63%
2	Dzongkhags	2.855	1.265	1.590	44.31%
3	Gewogs	0.601	0.561	0.040	93.34%
4	Autonomous Bodies	0.184	0.076	0.108	41.30%
5	FI & Corps	10.614	10.202	0.412	96.12%
6	NGOs	0.192	0.092	0.100	47.92%
	Total	21.910	18.662	3.248	85.18%

As transpired from Table 6, the financial institutions and corporations had resolved irregularities amounting to Nu. 10.202 million (96.12%) followed by gewogs (93.34%) and the ministries (86.63%). The NGOs, dzongkhags and autonomous bodies had resolved 47.92%, 44.31% and 41.30% of the irregularities respectively.

5. List of agencies that had resolved their irregularities by 100%.

The agencies listed below are the one that had resolved their irregularities by 100%:

1. Ministries - Ministry of Information & Communication.
2. Dzongkhags- Pemagatshel, Trashiyangtse, Wangduephodrang and Zhemgang
3. Gewogs – Choekhor, Dungna, Lokchina and Gelephu.
4. Autonomous Bodies – Bhutan Olympic Committee and World Exposition 2005
5. Corporations - State Trading Corporation of Bhutan.
6. Financial Institutions - Bank of Bhutan Ltd, Bhutan National Bank Ltd, and Royal Securities Exchange of Bhutan.
7. Non-Government Organizations – Youth Development Fund.

6. List of agencies that did not respond.

The following are the agencies that had not responded:

1. Ministries – Ministry of Agriculture (Jigme Dorji Wangchuck National Park, and Divisional Forest Office, Mongar); Ministry of Education (Dzongkha Development Authority)
2. Autonomous Bodies – Sherubtse College.
3. Dzongkhags – Gasa.
4. Gewogs – Bara, Dekiling and Nubi.
5. Non-Government Organization – Tarayana Foundation.