

## CHAPTER II

### Ministry of Home Affairs

Audit report of the organizations for year 2000 under the Ministry of Home Affairs includes 174 observations involving irregular and excess payments, misappropriations, outstanding advances and revenue, loss due to tendering and procurement lapses etc. The total amount involved in these observations is Nu. 56.05 million. During the year 2000, reports on the following Dzongkhags were issued:

1. Dzongkhag Administration Chukha,
2. Dzongkhag Administration Sarpang,
3. Dzongkhag Administration Haa,
4. Dzongkhag Administration Punakha,
5. Dzongkhag Administration Zhemgang,
6. Dzongkhag Administration Samdrup Jongkhar,
7. Dzongkhag Administration Pema Gatsel,
8. Dzongkhag Administration Trashi Yangtshi, and
9. The Ministry of Home Affairs, Hqrs.

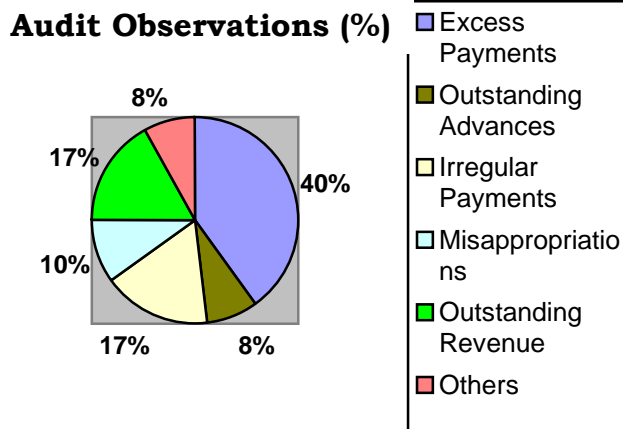
**Table 1.4: Showing the Audit Observations by different categories.**

Number of observation	Number	%	Amount (Nu. in million)	%
Excess payment	70	40	3.73	4.486
Misappropriation	17	10	2.11	2.537
Outstanding advance	14	8	45.80	87.671
Outstanding revenue	29	17	1.09	1.311
Irregular payments	28	16	3.12	3.752
Tendering losses	6	3	0.13	0.156
Non-accountal of stocks	6	3	0.07	0.084
Award of work on work order basis or on Cut-Of basis	4	2		
<b>Total</b>	<b>174</b>	<b>100</b>	<b>56.05</b>	<b>100</b>

## Major findings:

### 1. Excess payment Nu. 3.73 million

The audit of the organizations under the Ministry of Home Affairs in the Year 2000 detected that Nu. 3.73 million were paid more than what was actually admissible to the contractors, suppliers and to the employees. The nature of such excess payments are categorized below:



**Table 1.5 : Excess payment made to contractors/employees by nature**

Agency	Nature of Excess payments (Nu. in million)					
	Works not executed	Materials other than specified	Double payments	Rate difference	Residential tele.charges	Total
Chukha	0.51	0.031				0.541
Haa	0.54	0.131	0.33	0.41		1.411
Punakha	0.029		0.025		0.012	0.066
Sarpang	0.077		0.1	0.06		0.237
S/Jongkhar					0.020	0.020
Wangdue	0.92		0.021			0.941
Zhemgang	0.14		0.063			0.203
Pemagatshel	0.043		0.1			0.143
Trashy Yangtshel				0.018	0.011	0.029
MOHA		0.088	0.05			0.138
<b>Grand Total</b>	<b>1.103</b>	<b>0.088</b>	<b>0.05</b>	<b>0.018</b>	<b>0.011</b>	<b>3.729</b>

Major instances of excess payments as seen above are described agency wise below:

### a) Chukha Dzongkhag

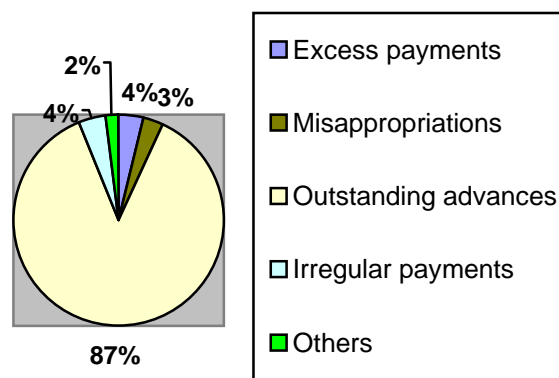
Excess payment to the extent of Nu. 0.51 million were made to the contractors by entertaining claims for works not executed. This relates to construction, renovation of staff quarters of the primary schools and construction of BHU's under the Dzongkhag.

This indicates that the site engineers did not verify the measurements or supervise the works properly.

### b) Haa Dzongkhag

The Haa Dzongkhag Administration made excess expenditure to the tune of Nu.1.411 million to the contractors. Such expenditures relates to payment for works not executed but recorded in the measurement book, payment at rates higher than originally quoted by the contractor particularly in the construction of Ugyen Dorji High School and double payment of running bills for the RNR Centre at Sombekha.

**Amount Involved (Nu.56.05 m)**



Audit concluded possible collusion between the contractors and the site engineers.

### b) Sarpang Dzongkhag

Payment to the extent of Nu. 0.1 million were made twice to a workshop on account of the repairing charges of the vehicle. Similarly, excess payments

to the extent of Nu. 0.137 were incurred due to accepting claims for works not executed and the difference in rates for the construction of Chuzegang School and Choesham at Tali Dratshang.

### **c) Wangdue Dzongkhag**

Joint measurement of construction works carried out on contract revealed that about Nu. 0.6 million were paid for works not actually executed by the contractors. Similarly, Nu. 0.3 million were paid to the contractor because of the false recommendation given by the Dy. Executive Engineer.

Audit recommended recovery of all such excess payments and to institute proper internal control to avoid such payments in future.

## **2. Misappropriation**

The Royal Audit Authority detected 17 cases of misappropriation involving Nu. 2.11 million during the audit of agencies mentioned above under the Ministry of Home Affairs. The form of misappropriations seem mainly because of non- accountal of revenue collected or what was accounted was not deposited into the Royal Government Revenue Account timely. Summaries of misappropriations are shown in the table below and discussed separately.

**Table 1.6: Misappropriation in Dzongkhags by amount and status.**

<b>Dzongkhag</b>	<b>Amount (Nu.in million)</b>	<b>Remarks</b>
Chukha, Dzongkhag	0.12	Amount misappropriated by immigration officials
Haa, Dzongkhag	0.20	Misappropriation of sale proceeds of tender forms and other revenues
Punakha, Dzongkhag	0.17	Misappropriation of rural taxes and Life insurance
Sarpang, Dzongkhag	0.35	Misappropriation of proceeds of tender forms, welfare fund etc
Zhemgang, Dzongkhag	0.46	Misappropriation of statutory remittances, sale proceeds of unserviceable items etc.
Trashigang, Dzongkhag	0.04	Entertained the seedling bill without actually receiving the seedlings.
Ministry of Home Affairs, Secretariat.	0.77	Non-accountal of cost of excess land and advances refunded.
<b>Total</b>	<b>2.11</b>	

### **a) Chukha Dzongkhag**

Audit detected that Nu. 0.12 million was misappropriated by the Immigration officials of the Dzongkhag Administration without depositing the revenue collected as fines in to the Government Revenue Account.

### **b) Haa Dzongkhag**

It was found that about Nu. 0.2 million collected as revenue was not deposited into the Government Revenue Account but was misappropriated by the revenue Incharge of the Dzongkhag.

### **c) Punakha Dzongkhag**

It was observed that revenue amounting to Nu. 0.17 million collected on account of rural taxes and life insurance was misappropriated by the revenue Incharge of the Dzongkhag.

### **d) Sarpang Dzongkhag**

About Nu. 0.16 collected, as welfare fund and tuition fees were not accounted by the headmasters of some primary schools under the Dzongkhag. Similarly, Nu. 0.144 million and Nu. 0.044 million were misappropriated by the Immigration Assistant and the Dzongkhag Engineer respectively.

### **e) Zhemgang Dzongkhag**

The audit of Zhemgang Dzongkhag revealed that about Nu. 0.46 million were misappropriated by the revenue Incharge of the Dzongkhag. A large portion of the misappropriation relates to non-deposit of statutory remittances.

### **f) Ministry of Home Affairs secretariat**

Revenue amounting to Nu. 0.73 million, remitted by the Department of Survey and Land Records, were misappropriated by the revenue accountant of the Ministry of Home Affairs.

## **3. Outstanding advances**

As can be noticed from the table below, one of significantly worrying indicators noticed during the audit of the agencies under the Ministry of Home affairs was the outstanding advance. About Nu.45.80 million of government funds were lying with contractors/suppliers/employees pending provision of services/adjustment.

**Table 1.7: Agency wise outstanding advances by amount and status.**

<b>Dzongkhag</b>	<b>Amount (Nu. In million)</b>	<b>Remarks</b>
Chukha, Dzongkhag	3.34	Outstanding pertains to post and current financial years against staff and suppliers
Haa, Dzongkhag	5.26	Some of these advance pertains to post financial years against staff/suppliers and contractors
Punakha, Dzongkhag	3.54	Nu. 0.025 million belong to post financial year against staff/suppliers.
Sarbang, Dzongkhag	8.05	Nu. 0.088 million advance pertains to post financial year.
Wangdue, Dzongkhag	0.37	Outstanding advances against suppliers and employees
Zhemgang, Dzongkkhag	1.97	Outstanding advances against suppliers and employees
Samdrup Jongkhar, Dzongkhag	12.70	Outstanding advances against suppliers and employees
Pema Gatshel, Dzongkhag	4.22	Outstanding advances against suppliers and employees
Trashig Yangtshu, Dzongkhag	5.95	Outstanding advances against suppliers and employees
MOHA	0.40	Outstanding advance against suppliers & Old outstanding advances remaining in the books of accounts
<b>Total</b>	<b>45.80</b>	

Audit recommended vigorous follow-up on these huge outstanding.

## 4. Outstanding Revenue

The outstanding revenue amounts to Nu.1.00 million approximately, which was not realized, from annual rural taxes, school welfare fund, admission, token and tuition fees, short collection of illegal cash crops sale proceeds from various bidders, non-deduction of salary tax, health contribution and house rents from the occupants of government quarters.

Agency wise unrealized revenue is as follows:

**Table 1.8 : Showing outstanding revenue by amount**

Dzongkhag	Amount (Nu. in million)	Remarks
Chukha, Dzongkhag	0.040	Short collection of house rent
Haa, Dzongkhag	0.05	Non-recovery of Rebate, contractors tax and other contingencies.
Punakha, Dzongkhag	0.106	Rural taxes collected by Gups but not deposited in the Govt. revenue a/c
Sarpang, Dzongkhag	0.540	Non-deduction of contractor tax, salary tax, health contribution, less collection of fees and rural taxes and short collection of illegal cash crop sale proceeds.
Wangdue, Dzongkhag	0.036	Non-deduction of contractor tax.
Pema Gatshel, Dzongkhag	0.152	Non-deduction of salary tax and health contribution from teaching allowance.
Trashy Yangtse, Dzongkhag	0.046	Non-deduction of house rent.
Ministry of Home Affaire, Hqrs.	0.123	Non-deposit of revenue remittances from salary tax.
<b>Total</b>	<b>1.093</b>	

### a) Punakha Dzongkhag

Against the assessed annual rural taxes and life insurance of Nu. 0.37 million, only Nu. 0.27 was deposited with the Dzongkhag Administration

leaving unrealized revenue of about Nu. 0.1 million with the gups. It is probable that such outstanding taxes are misappropriated.

## **b) Sarpang Dzongkhag**

Government revenue to the tune of about Nu. 0.54 million remained unrealized because of non-deduction of salary tax from the teachers pay by the AFD, short collection of sale proceeds of seized cash crops, outstanding rural taxes from gups etc.

Audit is of opinion that such outstanding could have been misappropriated.

### **5. Work awarded to the contractor based on cut off points:**

The Dzongkhag Tender Committee of Haa Dzongkhag Administration awarded the construction of Dzongda's residence and the compound wall valuing over Nu. 4.5 million based on the cut off point determined by the Committee and therefore rejected the lowest bids thereby depriving the government of competitive bids. Similarly, works worth Nu. 7.477 million in aggregate were awarded on a work order basis in contravention to rules in force by the Dzongkhag Tender Committee.

Setting of cut of points in the opinion of the RAA lacks transparency and may lead to unfair award of work, which ultimately would jeopardize the interest of the government.

### **6. Irregular payment Nu. 3.116 million**

An overview of the irregular expenditures incurred by each Dzongkhags audited during 2000 is presented below:

**Table 1.9: Agencywise irregular payment by amount and status.**

<b>Dzongkhag</b>	<b>Amount (Nu. in million)</b>	<b>Remarks</b>
Haa, Dzongkhag	1.322	Refund of security deposit and payment of unbudgeted personal emolument.
Punakha, Dzongkhag	0.124	Time barred payment and entertained loan from the Sport Association Fund.
Sarpang, Dzongkhag	0.591	Payment made without receipt of goods and other irregularities in procurement.
Wangdue, Dzongkhag	0.104	Hiring of vehicle without approval and budget provision
Zhemgang, Dzongkhag	0.058	Hand receipt entertained.
Pema Gatshel, Dzongkhag	0.491	Unbudgeted expenditure
Trashigang, Dzongkhag	0.04	Paid DSA at higher rate and payment made for furniture transportation.
Ministry of Home Affairs, Hqrs.	0.386	Paid without receipt and supporting bills
<b>Total</b>	<b>3.116</b>	

### **a) Expenditure without budget provision**

Haa Dzongkhag had made an unbudgeted expenditure amounting to Nu. 0.956 million towards personal emoluments. It was not known why there was deficit on this budget head since this was a fixed provision. Similarly, Dzongkhag Administration Pema Gatsel spent Nu. 0.423 million without budget provision from the previous years advances recovered.

### **b) Payment made without supporting documents**

Payment to the tune of Nu. 0.581 and Nu. 0.386 were made by the ESU, Gelephu and the Ministry of Home Affairs respectively without proper supporting documents. The immigration and Census Division refunded non-national laborers security deposits on photocopied certificates of expatriation.