

## CHAPTER VII

### Ministry of Agriculture

Under the Ministry of Agriculture, the following units and departments were audited during the year 2000.

1. Royal Veterinary Epidemiology, Centre, Serbithang;
2. Bhutan Forestry Institute, Taba;
3. Central Store, Phuentsholing, MoA;
4. RNR-RC, Jakar;
5. Forestry Development Corporation, Zhemgang;
6. Department of Research and Development Services, MoA;
7. National Nublang Breeding Farm, Trashiyangphu;
8. Ministry of Agriculture Secretariat;
9. National Pig Breeding Centre;
10. Regional Mithun Breeding Farm, Arong, Samdrupjongkhar;
11. Regional Veterinary Laboratory, RVL Khaling;
12. Conifer Research & Technical Co-operation;
13. RNRRC- West, Yusipang;
14. Crop and Livestock Division;
15. Regional Veterinary Laboratory, Gedu;
16. National Artificial Insemination Prog. & Semen Processing Centre, Wangchutaba; and
17. DFO, Tsirang.

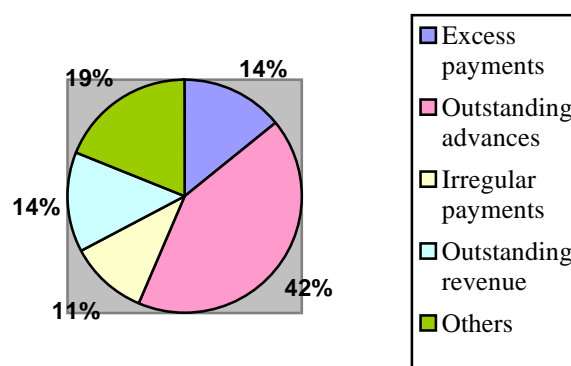
**Table 1.33 : Showing the Audit observation by different categories**

| Nature of Observation                          | Number of observations | %          | Amount(Nu. in million) | %          |
|--|------------------------|------------|------------------------|------------|
| Excess Payments                                | 4                      | 14.29      | 0.41                   | 2.19       |
| Losses due to tendering and procurement lapses | 2                      | 7.14       | 0.42                   | 2.24       |
| Outstanding Advance                            | 12                     | 42.86      | 13.09                  | 69.78      |
| Misappropriation                               | 2                      | 7.14       | 0.12                   | 0.64       |
| Outstanding revenue                            | 4                      | 14.29      | 0.53                   | 2.82       |
| Irregular Payment                              | 3                      | 10.71      | 1.73                   | 9.22       |
| Wasteful expenditure                           | 1                      | 3.13       | 3.57                   | 13.11      |
| <b>Total</b>                                   | <b>28</b>              | <b>100</b> | <b>18.76</b>           | <b>100</b> |

## 1. Excess payment

As can be seen from the table below, an excess payment of Nu. 0.41 million were incurred by the agencies audited during the year 2000. It relates to payments made to the contractor for works not executed in the construction of the forest road by the Zhemgang FDC, entertainment of inadmissible DSA to officials travelling abroad for hotel and other incidental charges by the RVEC and the payment of residential telephone charges by the Ministry of Agriculture Headquarters.

Audit Observations (%)



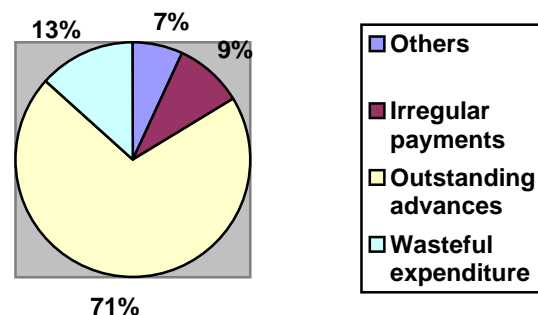
**Table 1.34 : Showing the nature of excess payment by type and amount**

| Agency             | Nature of Excess payment (Nu. in Million) |                        |                           |              |
|--------------------|---|------------------------|---------------------------|--------------|
|                    | DSA on training outside Bhutan            | For works not executed | Residential Tele. charges | Total        |
| RVEC               | 0.041                                     |                        |                           | 0.041        |
| FDC, Zhemgang      |   | 0.315                  |                           | 0.315        |
| MoA Hqrs           |   |                        | 0.016                     | 0.016        |
| CRTC               |   |                        | 0.039                     | 0.039        |
| <b>Grand total</b> | <b>0.041</b>                              | <b>0.315</b>           | <b>0.055</b>              | <b>0.411</b> |

## 2. Losses sustained due to tendering and procurement lapses

Amount Involved (Nu.27.85m)

It was observed that the Zhemgang FDC management had awarded the forest road construction work to the third lowest bidder without proper justifications for rejecting the first lowest bidder. Consequently, the Royal Government suffered a loss Nu. 0.42 million.



### 1. Outstanding Advances

As can be seen from the table below, an amount of Nu. 13.09 million remained unrecovered/unadjusted from the

suppliers and employees of the agencies under the Ministry of Agriculture. Audit recommended early recovery/adjustment particularly for advances pertaining to previous years.

**Table 1.35 : Showing the advances against employees and suppliers.**

| Agency                                    | Advances to employees/suppliers (Nu. in million) |
|---|--|
| Ministry of Agriculture Hqrs              | 1.97   |
| DRDS                                      | 3.61   |
| Royal Veterinary Epidemiology , Centre,   | 0.32   |
| National Pig Breeding Centre              | 0.22   |
| National Nublang Breeding Farm            | 0.12   |
| Regional Mithun Breeding Farm, Arong      | 0.09   |
| Regional Veterinary Laboratory, Khaling   | 0.026  |
| Conifer Research & Technical Co-operation | 0.03   |
| RNR-RC, Jakar.                            | 0.16   |
| RNRRC- West, Yusipang                     | 0.13   |
| CLSD                                      | 6.41   |
| <b>Grand Total</b>                        | <b>13.09</b>                                     |

## 2. Misappropriation

Audit had detected that the accountant of the Regional Veterinary Laboratory at Gedu misappropriated over Nu. 0.1 million from the government fund. Similarly Nu. 0.02 million forfeited against the earnest money were misappropriated by ex-DM of the Zhemgang Forest Development Corporation.

## 3. Outstanding Revenue

Revenue amounting to approximately Nu. 0.53 million remained unrealized during the year 2000. It pertains to the sale proceeds of liquid nitrogen, frozen semen, gloves, artificial insemination sheath, vaccines, and sale

proceeds of pigs and non-realization of house rents. It relates to National Insemination Program and Semen Processing Centre, National Pig Breeding Centre and RNR-RC Jakar under the Ministry of Agriculture.

#### **4. Award of work without inviting tenders/quotations**

The management of Forest Development Corporation, Zhemgang awarded the construction of forest road worth Nu. 3.37 million to a contractor without inviting tender. Audit also found that the management of the FDC, Zhemgang had awarded the construction of forest road in Chendebji worth Nu. 3.26 million without inviting tender. Incidentally, it was observed that the carrying contractor was one. Other such lapses worth pointing out with lesser financial implications are shown in the table below:

**Table 1.36 : Showing the nature of tendering and procurement lapses by amount**

| Agency                                  | Nature of tendering and procurement lapses<br>(Nu. in Million) |                                      |             |
|---|--|--------------------------------------|-------------|
|   | Without quotations   | Work awarded without inviting tender | Total       |
| Ministry of Agriculture Secretariat     | 0.053  |                                      | 0.050       |
| DRDS                                    | 0.210  |                                      | 0.210       |
| Regional Veterinary Laboratory, Khaling | 0.034  |                                      | 0.034       |
| RNR-RC, Jakar.                          | 0.087  |                                      | 0.087       |
| FDC, Zhemgang                           |  | 3.263                                | 3.263       |
| FDC, Zhemgang                           |  | 3.37                                 | 3.37        |
| Grand total                             |  |                                      | <b>7.01</b> |

It can therefore be seen that the government had been deprived of the competitive advantages of tendering/ quotations.

#### **5. Irregular payment**

It has been revealed from the audit of different organizations under the Ministry of Agriculture that a number of cases of gross irregularities occurred in spending government funds. It relates to spending government funds beyond budgetary stipulations, entertainment of time barred claims and payment of muster rolls without approval. The amount involved here is Nu. 1.83 million.

**Table 1.37 : Showing the nature of irregular payment by amount**

| Agency   | Amount (Nu. in million) | Remarks  |
|--|-------------------------|--|
| DFO, Tsirang   | 0.041                   | Time barred payment of TA/DA   |
| Department of Research and Development Services, Ministry of Agriculture | 0.074                   | Photocopy charges paid to the outside parties besides having their own machines. |
| Bhutan Forestry Institute  | 0.057                   | Unbudgeted expenditure   |
| RNR-RC, Jakar.   | 1.391                   | Unbudgeted expenditure   |
| RNR-RC, Jakar.   | 0.267                   | Payment without approval.  |
| <b>Total amount</b>  | <b>1.83</b>             |  |

## 6. Wasteful Expenditure

The Forest Development Corporation, Zhemgang had incurred about Nu. 2.549 million for the construction of forest road at Chaplekhola. It was however observed that the timber transportation was carried out using cable cranes leaving the road unused. Proper feasibility studies were not carried out in the construction of the said road, which resulted in the waste of scarce government resources.