

Bhutan National Bank.

Besides the statutory audit conducted by Chartered Accountant Firms from India, the Royal Audit Authority also conduct regulatory audit. This includes corporate bodies where government has major interests. Bhutan National Bank is one of such agencies that RAA conduct regularity audit. The following personnel occupied the various portfolios of the corporation in the year 2002.

Sl. No.	Name of Office bearers	Designation
1.	Lyonpo Khadu Wangchuk	Chairman
2.	Kipchu Tshering	Managing Director
3.	Karma	Deputy Managing Director
4.	Saugata Bangdopadhgay	Finance Manager

Table 1.40 showing summary of the observation by category code and the amount involved.

Sl. No.	Observation in brief	Amount (Nu.Million)	%	Category code
1.	Award of work/supplies without quotation.	2.05	95.35	3
2.	Irregular payment.	0.10	4.65	8
	Total	2.15	100	

Major Findings:

1. Irregular payment Nu. 0.10 million.

It was observed that the Management of Branch Office, BNB, P/ling had incurred expenditure to the tune of Nu.0.10 million on account of repairing the private residential flat occupied by Financial Advisor to BNB. Incurring of such expenditure in the private residence by the bank without any adjustment/deduction against the rental is highly irregular.

Auditee's response:

The management of BNB had submitted that the company had to fulfil the contractual requirements and that there was very little to avoid the situation. The Board had regularised the payment.

Who is accountable?:

The justification submitted is not tenable since it is the responsibility of the landlord to repair its property, therefore accountability is fixed on the Managing Director, BNB until such time the amount paid is deposited into audit recoveries account.

2. Award of work/supplies without quotation Nu.2.05 million.

It was observed that during the year 1999 alone purchases from various suppliers on a piece meal basis to the tune of Nu.2.05 million were made without opting for Compulsory Competitive Bidding. Items procured mostly include stationery and office equipments. Attempts have not been made to assess the annual requirement and take the advantages of bulk purchases.

Auditee's response:

The RAA was informed that the board had approved the procurements worth Nu.2.05 million on the ground that such direct procurement had saved the bank's money than going through the competitive bidding and that as part of best practices it was not unusual for a company to procure items from established firms for assured quality and the timeliness. The Board while according the approval for the past procurement had directed the management to prepare proposals acceptable to the Board regarding its future procurement strategies.

Who is accountable?:

The justification is not substantiated with documents and analysis to suggest that direct procurement had brought financial savings to the organization. The RAA is yet to receive copy of the proposal on procurement strategies from the BNB as desired by its Board, therefore, until such time the proposal is received by the RAA the accountability is fixed on the Managing Director.
