

Druk Air Corporation.

Besides the statutory audit conducted by Chartered Accountant Firms from India, the Royal Audit Authority also conduct regulatory audit. The following personnel occupied the various portfolios of the corporation in the year 2002.

Sl. No	Name of Office bearers	Designation
1.	Lyonpo Jigme Y. Thinley	Chairman
2.	Sangay Khandu	Managing Director
3.	Rinzin Dorji	Finance Manager

Summary of major findings is outlined in the table 1.41 below:

Table 1.41 showing summary of the observation by category code and the amount involved.

Sl. No.	Observation in brief	Amount (Nu.Million)	%	Category code
1.	Inadmissible payment	0.18	52.94	8
2.	Excess payment	0.16	47.06	6
	Total	0.34	100	

Major findings:

1. Excess payment Nu.0.16 million.

On the basis of Office Order cabin crews were paid 7% incentive as commission on the net sales made on board. On a closer scrutiny of incentives paid, it revealed an excess payment to the tune of Nu.0.16 million to the crew members. Audit also observed that payment of such incentives did not have the approval of the Board of Directors.

Auditee's response:

The Druk Air Corporation had submitted that 7 % commission on duty free sales paid to the crew members is based only on sales on board and that the calculations were correctly made.

Who is accountable?:

Since the total value of sales figure used for the calculation of commission included some ground sales, errors in the figure due to overwriting and some sales made to officials of Revenue and Customs the Finance Officer, Druk Air Corporation is held accountable until such time the amount so paid is deposited into audit recoveries account.

2. Irregularities in the recruitment of officials.

The management of Druk Air Corporation had appointed some officials to refill the vacancies in the company. Ironically, the recruitment of three officials (two ex-employees) was in contravention to the set procedures. As per the service rule any appointment has to be made by conducting interview by the committee comprising the senior officials of the company and a representative from Royal Civil Service Commission.

The Senior Secretary/Personnel Assistant to the Managing Director was directly appointed to officer's grade (Grade-VII) and her pay was fixed by giving 16 increments at a time. Such fixing of pay was not in line with the Service Rules of the corporation. Service Rules requires the appointment of individuals in Officer's Grade to have a minimum qualification of Master's Degree in the relevant filed.

Similarly, one Commercial Supervisor was appointed directly without following the recruitment procedure and for which he did not possess the required qualification as per the Service Rules. Service Rules requires the appointment of individuals in Officer's Grade to have a minimum qualification of Master's Degree in the relevant filed.

***Auditee's
response:***

The management submitted that despite two times vacancy announcement there was no eligible candidate until one day this current Personal Assistant (Ex-employee of Druk Air Corporation) applied for the post. With regard to appointment of Commercial Supervisor, it was submitted that no vacancy announcement was made because even if it was made no candidate would have been eligible other than this current employee who was trained in Interline Accounting. It was also submitted that such irregular appointments were ratified by the Board.

***Who is
accountable?:***

An appointment of Ex-employees (who were serving in the lowest level in the corporation) to Officer's Grade is highly irregular and justification provided is not adequate. Therefore, until such time the RAA is satisfied with adequate justification, the Managing Director and Head of Administration and Finance, Druk Air Corporation are held accountable.

3. Inadmissible payment Nu.0.18 million.

Audit had noticed the payment of taxi fares while on training abroad even though they were paid DSA. In this instance the management had paid Nu.0.07 million approximately. The Service Manual of the corporation stipulated that "Training DSA shall include a local transportation expenses

including from/to the nearest airport/railway station and airport taxes”. Therefore, the payments of taxi charges were not in accordance with the provision of the Service Rules of the corporation.

During the flight disruption due to bad weather in Paro, the meal and laundry charges pertaining to the crew members were paid by the management though they were paid the DSA. Such payment had accumulated to the tune of Nu.0.11 million. The board, however, had regularized the payment.

**Auditee’s
response:**

The RAA was informed that officials deputed for training were suffering losses and for which the matter has been put up to the Board and that the Managing Director had issued an order to this effect thereby entitling taxi charges. With regard to meal and laundry charges the management had stated that the crew members are entitled for lunch and for breakfast and dinner the RAA shall be informed once the management completes the review of their Kolkata Branch Office.

**Who is
accountable?:**

Since the service manual does not allow for the payment of taxi fares, the Managing Director and Finance Officer are held accountable. They are also held accountable for the payment of meal and laundry charges
