

VIII. Druk Seed Corporation of Bhutan Limited

Apart from the statutory audit being conducted by a firm of Chartered Accountants empanelled with the Royal Audit Authority the RAA also conduct propriety audit.

The Druk Seed Corporation of Bhutan during the year 2004 was administered and managed by the following:

Sl.No	Name of official	Portfolio
1.	Lyonpo Sangay Ngedup	Chairman
2.	P.M.Pradhan	Managing Director
3.	K.S. Nagarajan	Finance Manager

The following table exhibits the summary of the findings in a consolidated form:

Table 1.50 showing summary of observations by category code and the amount involved.

Sl.No	Observations in brief	Amount (Nu. Million)	%	Category code
1.	Fixed assets lying unutilized	1.666	35.91	16
2.	Heavy stock balance of vegetable seeds	1.473	31.75	16
3.	Outstanding advances	1.162	25.05	1
4.	Outstanding sundry debtors	0.338	7.29	2
	Total	4.639	100.00	

Major findings:

1. Heavy stock balance of vegetable seeds - Nu. 1.473 million

Substantial quantities of vegetable seeds were found lying in the stock without movement for quite a long period ranging between 1 to 4 years. The total face value of these stock amounted to Nu.1.473 million.

Auditee's response: *The management stated that it is due to accumulation over several years' stock. Druk Seed Corporation shall make efforts to dispose it off.*

Who is accountable?: *The accountability is fixed on Jambay Dorji, former Managing Director for procuring the used stock and Kesang Tshering General Manager, Marketing for not making necessary efforts.*

2. Outstanding advances - Nu.1.162 million

Amount to the extent of Nu.1.162 million were lying outstanding against staff in the organization both present and ex-employees.

Auditee's response: *The RAA was informed that the Finance Division was instructed to promptly settle the advances given in various forms and that some dues and credit sales were transferred in the name of the staff who were responsible for the transactions.*

Who is accountable?: *P.M.Pradhan, Managing Director and K.S Nagarajan, Finance Manager are held accountable to deposit with 16% Commercial Interest p.a. into Audit Recoveries Account.*

3. Outstanding sundry debtors - Nu. 0.388 million

The Druk Seed Corporation had sundry debtors amounting to Nu.0.338 million. Some of these debts have been accumulated right from the year 1995.

Auditee's response: *It was submitted that the outstanding debt have been reduced and debt amount prior to the year 1995 have been approved by the board for write-off.*

Who is accountable?: *P.M.Pradhan, Managing Director and K.S Nagarajan, Finance Manager are held accountable to effect recovery of the balance with 16% Commercial Interest p.a. and deposit in Audit Recoveries Account.*

4. Fixed assets lying unutilized - Nu. 1.666 million

It was noticed that fixed assets with a book value of Nu. 1.666 million were identified as completely idle or partially used in various units under the company.

Auditee's response: *The RAA was informed that the proposal to auction out assets no longer required was put up to the board for seeking approval and got the same approved. It was submitted that two auctions have been conducted and disposed off most of the unserviceable assets. A committee has been formed to verify and assess idle assets.*

Who is accountable?: *P.M Pradhan is held responsible till such time the issue is satisfactorily resolved including putting the idle assets into effective use or effectively disposed off.*