

IX. Forestry Development Corporation 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 FDCL during the year 2004 was managed and administered by the following:

Sl.No	Name of official	Designation
1.	Lyonpo Sangay Ngedup	Chairman
2.	Namgay Wangchuk	Managing Director 01/01/00 to 27/09/03
3.	Ugyen Thinley	Managing Director 27/09/03 till date
4.	O.R. Easwarlal	Finance Manager

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

Table 1.51 showing summary of observations by category code and the amount involved.

Sl.No	Observations in brief	Amount (Nu. Million)	%	Category code
1.	Non realization of debt	0.804	40.44	2
2.	Non achievement of planned target	0.759	38.18	16
3.	Outstanding advance	0.425	21.38	1
	Total	1.988	100.00	

Major findings:

1. Outstanding advances - Nu. 0.425 million

A. A sum of Nu. 0.081 million was lying outstanding against officials/ contractors of Forestry Development Corporation Limited, Zhongar Division, Mongar as on 31/12/03.

Auditee's response: The management submitted that the concerned persons have been informed to deposit the outstanding amount with commercial interest.

Who is accountable?: The management must deposit with 16% Commercial Interest p.a. into the Audit Recoveries Account. The accountability is fixed on Rinchen Dorji, Divisional Manager and Pema Norbu, Assistant Accounts Officer, Samdrupjongkhar.

B. A sum of Nu. 0.394 million was paid as advance to Mr. Dendup Tshering for the Wangdigang FMU Road construction by the Forestry Development Corporation Limited, Zhemgang. The outstanding advances pertained to the year 2001.

Auditee's response: The management submitted that the case is being dealt with by the FDCL headquarter, Thimphu where the contractor was asked to refund the amount vide letter no. FDCL/HQ/ACCTT/01/1400 dated 01/06/04.

Who is accountable?: The amount should be deposited into the Audit Recoveries Account with commercial interest of 16% p.a. The accountability is fixed on Ugyen Thinlay, Managing Director, Wangdi Phuntsho, Divisional Manager and Ramesh Vishwa, Assistant Finance Officer.

2. Non-achievement of planned target resulting into avoidable expenditure of Nu. 0.759 million

On comparison of the planned production target and the actual production of timber, the FDCL, Jakar had not been able to achieve the intended target in the Dawathang Forestry Management Unit (FMU) by 69 % in 2002 and 61% in 2003. Besides non-achievement of the planned target the FDCL, Jakar had incurred additional expenditure of Nu. 0.093 million for transporting spillover timber in 2002 in Dawathang FMU as a result of increase in

transportation charges by Nu. 0.75 per cft in 2003. Similarly, a sum of Nu. 0.483 million had been spent in 2004 for transporting spillover production of timber with increase in the rate by Nu. 2.50 per cft in 2004. In addition Nu. 0.145 million were incurred for felling and crosscutting and Nu. 0.038 million for debarking.

Auditee's response: *The management submitted that due to the bad road conditions at Dawathang, targeted volume of timber could not be transported at the tendered rate of 2002 and 2004 and the spill over timber had to be transported with fresh tendered rate in the following year.*

Who is accountable?: *The explanation is not convincing. The accountability for incurring extra expenditure is fixed on G.S Chhetri, Divisional Manager.*

3. Non realization of Debt. Nu. 0.804 million

On closure of the Integrated Forestry Development Project (IFDP), FDCL, Jakar had taken over the sundry debtors amounting to Nu. 0.804 million as a part of transfer of assets and liabilities. However, the debt were not realized some dating as far back to 1988. The debts pertained to the unrealized sale proceeds of the forest produce.

Auditee's response: *The management submitted that the amounts could not be collected as most of the parties could not be traced, and as such the case was forwarded to the court by the IFDP management before its closure.*

Who is accountable?: *The accountability is fixed on G.S Chhetri, Divisional Manager to deposit the amount into the Audit Recoveries Account with commercial interest of 16 % p.a.*