

Chapter IV Ministry of Home & Cultural Affairs

The Royal Audit Authority during the year had issued 21 inspection reports of agencies under the Ministry of Home & Cultural Affairs. The following officials headed the Ministry and departments under it during the year 2004:

Sl.No.	Name	Designation
1.	Lyonpo Jigmi Y Thinley	Minister
2.	Dasho Penden Wangchuk	Secretary
3.	Dasho Tshering Wangda	Joint Secretary, Law & Order
4.	Dasho Sonam Tenzin	Director General, Immigration & Census
5.	Nob Tshering	Deputy Secretary, Administration & Finance Division.

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

Table 1.12 showing the summary of observations by category code and amount involved.

Sl.No	Observations in brief	Amount (Nu. Million)	%	Category code
1.	Outstanding advance	52.158	73.66	1
2.	Blockage of Government Funds.	2.797	3.95	7
3.	Irregularities in award of contract, tendering and procurement	2.751	3.88	7
4.	Excess/ over/ double payment	2.661	3.76	6
5.	Irregular/ Inadmissible/ doubtful payment	2.363	3.33	8
6.	Avoidable & unfruitful expenditure	2.309	3.26	5
7.	Non levy of liquidated damages	2.009	2.84	11
8.	False certification of bills	1.433	2.02	12
9.	Shortage/ Non accountal of cash	0.995	1.41	10
10.	Outstanding revenue	0.308	0.43	2
11.	Non collection of cost of land	0.210	0.30	2
12.	Non/Less deduction of house rent	0.166	0.24	13
13.	Misappropriation of funds	0.157	0.22	9
14.	Non deposit of revenue	0.127	0.18	2
15.	Non accountal of stock	0.110	0.16	14
16.	Outstanding cost of books	0.098	0.14	1
17.	Irregularities in cashbook	0.075	0.11	10
18.	Non levy of penal interest	0.078	0.11	11
	Total	70.805	100.00	

Major findings:

1. Avoidable/unfruitful expenditure-Nu.2.309 million

Some of the Dzongkhags under the Ministry of Home & Cultural Affairs had incurred avoidable/ unfruitful expenditure as shown in the table below:

Table 1.13 showing agencies that made avoidable/ unfruitful expenditure.

Sl. No	Dzongkhags	Amount (Nu. Million)
1.	Dzongkhag Administration, Sarpang	2.197
		0.031
2.	Dzongkhag Administration, Bumthang.	0.081
	Total	2.309

A. The work for construction of 26 additional blocks of Relief Camp in Gelephu was awarded to the contractors on work order basis on December 8th, 2003 with the instruction to complete the works by December 31, 2003. The Ministry had conveyed the instruction to immediately stop the construction. A scrutiny of progress report of the work indicated completion of only one third of the work when the instruction was received on 5/1/04 but the Dzongkhag Administration continued with the construction

without giving any regard to the instruction. Had the work been stopped as desired by higher authorities the government would have saved Nu.2.197 million.

Auditee's response: The response of the Dzongkhag Administration is reproduced below "As per the Royal Command received towards the end of October 2003, the Dzongkhag Administration was to construct as many as possible. To expedite the construction work, construction contracts for 26 blocks have been awarded to different contractors while the ongoing 20 blocks had been taken up departmentally. By December 2003 when emergency came into effect (The flush out military operation against the Assam and Bengal militants began on the 15th December, 2003) most of the constructions works were already completed or in most cases the major structural works were complete. Hence, the work already being initiated and almost completed could not be stopped as desired by the Ministry of Home and Culture Affairs whose instruction was received on the 31st December, 2003. Stopping work at that particular juncture would have resulted in spoiling the materials already put in the raised structure as they would become exposed to weather. This matter was intimated to the Ministry of Home and Culture Affairs and accordingly the Ministry instructed to continue the construction to the completion. Instructions were also received to take proper care of the structures completed and the leftover materials."

Who is accountable?: The reply furnished is not tenable since Pemagatshel Dzongkhag also received similar message on the same day and complied with immediately. The Ministry's instruction to continue construction till completion was not made available to audit. The work was completed and handed over only at the end of February 2004. Therefore, Sonam Dawa, Dzongdag, Dzongkhag Administration, Sarpang is held directly accountable for this huge lapse.

B. The Dzongkhag Administration, Sarpang had purchased 191 Cubic Metre of firewood separately valuing Nu. 0.031 million for the Relief Camp. On verification of the record, it was noticed that there were 240 Cubic Metre of waste and cut-offs which could be used as firewood in the relief camp. As such, the purchase of firewood was a wasteful expenditure.

Auditee's response: The Dzongkhag Administration, Sarpang stated that 191 cu.m of firewood worth Nu. 0.031 million had actually been procured in addition to the timber sawn to minimize the expenditure on firewood.

Who is accountable?: Till the firewood is disposed and amount realized and deposited in to Audit Recoveries Account, Sonam Dawa, Dzongda is held accountable.

C. The Dzongkhag Administration, Bumthang had awarded the work of Construction of solid waste disposal pit at Kukurbithang and Construction of 3 Footpaths to M/s Phuntsho Norlam Construction at the quoted rate of Nu. 2.690 million being the lowest bidder. The contractor initially started the work with construction of approach road to waste disposal pit site and the progress of work was approximately 40% when the Dzongkhag Administration asked the contractor to stop the work based on the public complaint received during the 59th DYT meeting, resulting into avoidable expenditure of Nu. 0.081 million. It was not understood as to why such problem was not addressed earlier since the project engineer in his note-sheet to Dzongdag for finalization of the site had also indicated that the people were reluctant about the proposed site.

Auditee's response: The Dzongkhag Administration, Bumthang stated that after identifying the Kukurbithang site, the agreement was drawn with the public of Jalikhar involving gups to start the construction. However, it was only during the 59th DYT meeting that the Administration became aware that the proposed site was the religious place. Further, upon the Command of His Majesty not to take up the development activities in that area, the construction was said to be stopped.

Who is accountable?: The Dzongkhag Administration should have foreseen the problem prior to taking up the construction and saved the unnecessary expenditure. As such the Dzongdag is held accountable for the above lapse.

2. False certification of bills- Nu. 1.433 million

Of the various works awarded on tender the following works were either certified/verified as 100% or 40% complete. But the site verification as conducted jointly by audit team and representatives from the Dzongkhag Administration, Haa revealed other wise thus giving strong indication of collusion between verifying officer (Site Engineers) and the contractors.

Sl. No	Name of Contractors	Work summary	Contract value (Nu. Million)	Remarks
1.	M/s Ugyen Construction, Haa	Construction of retaining Wall at Sheygada Lhakhang	0.217	Certified as 100% complete but only 40% was completed on verification
2.	M/s Panjor Construction, Haa	Construction of Sangbeykha Gup's Office	1.151	As against the actual completed value of Nu.0.075 million, certified Nu.0.292 million as the value completed
3.	M/s T.P Construction, Haa	Construction of Toilet & Septic tank at Katsho Geog	0.065	Certified as 100% complete but only up to septic tank level was completed on verification.

Auditee's response: *The Dzongkhag Administration, Haa had accepted the audit findings and requested the RAA that such lapses will not be repeated in future.*

Who is accountable?: *M.B. Mongar, Dzongkhag Engineer and I.B. Rai, Site Engineer are held accountable for the lapses. Administrative action taken on them for false verification is awaited in audit.*

3. Excess/over/double payment - Nu.2.661 million

Various Dzongkhags had made payments amounting to Nu. 2.661 million in excess of what was actually admissible. Dzongkhags responsible for making such payments and amount actually paid are as given in the table 1.14:

Table 1.14 showing the agencies which had made excess payments.

Sl. No	Dzongkhag	Amount (Nu. Million)
1.	Dzongkhag Administration, Haa	1.154
2.	Dzongkhag Administration, Sarpang	0.214
		0.393
		0.041
3.	Dzongkhag Administration, Wangduephodrang	0.069
4.	Dzongkhag Administration, Thimphu	0.022
5.	Dzongkhag Administration, Monggar	0.049
6.	Dzongkhag Administration, Zhemgang	0.029
7.	Paro Taktshang Renovation Project	0.107
		0.170
8.	Dzongkhag Administration, Trashiyangtse	0.229
		0.184
	Total	2.661

A. M/s Jabab Construction who was awarded the construction work of 4.6 KM farm road at Nobgang-Langpa, Haa was paid excess amount of Nu.1.154 million for works not actually

carried out. The payment included Nu.0.613 million for rock stated to have blasted, however joint site verification revealed that the blasting was found not carried out.

Auditee's response: *The RAA was informed that the contractor had deposited the amount paid for rock blasting into Audit Recoveries Account. The blockage of mule track of length 215m had been cleared by the contractor. The boulders which were rolled down to the public land had been collected by the contractor. The contractor was asked to do the bioengineering as soon as the weather favours.*

Who is accountable?: *Until whole of the issue is resolved satisfactorily M.B.Mongar, Dzongkhag Engineer, Haa is held accountable for the lapses.*

B. M/s Kencho Tshering Construction Company who was awarded the contract work for construction of Science Laboratory and Library at Sarpang Middle Secondary School was paid excess amount of Nu.0.214 million for works not executed.

Auditee's response: *The RAA was informed that the measurements in the RA bills in the initial stage have not been made accurately which resulted in excess payment. However, while making the final payments of the bills, the deduction was made with the total amount in the final bill.*

Who is accountable?: *Justification is not tenable as the total quantities of work executed in the running bills must not exceed the quantity of work reflected in the final bill for any works. Therefore excess amount paid should be recovered and the responsibility to do so shall fall on Chhophel Dorji, Assistant Engineer, Dzongkhag Administration, Sarpang.*

C. It was observed that the wages for the labourers engaged in the construction of the Relief Camp at Lekithang were paid at higher rate than the rate specified in the Chathrim of the Ministry of Home & Cultural Affairs, resulting in excess payment of Nu. 0.393 million.

Auditee's response: *The administration submitted that the non Bhutanese skilled labours were paid as high as skilled Bhutanese workers as they had to be engaged to ensure quick completion of the work.*

Who is accountable?: *The administration should produce documentary evidence that commensurate with the Chathrim of the Ministry of Home & cultural Affairs failing which the amount should be recovered and deposited into Audit Recoveries Account. The accountability is fixed on Sonam Dawa, Dzongdag.*

D. Timbers for the construction of Relief Camp at Lekithang purchased from FDCL were paid in excess by Nu. 0.041 million.

Auditee's response: *The Dzongkhag Administration, Sarpang stated that the amount charged for the timber supplied by the FDCL and the initial advance released to them by the Dzongkhag has been due to additional timber required for the construction and that the balance payment of Nu. 0.04 million shall be made in favor of the FDCL and same shall be intimated to the RAA.*

Who is accountable?: *Till the amount is deposited into Audit Recoveries Account, Sonam Dawa, Dzongdag and Pasang Dorji, Dzongkhag Engineer are held accountable.*

E. The Dzongkhag Administration, Wangduephodrang had made the excess payment of Nu. 0.069 million on account of transportation charges of stationeries and WFP items from

Taksha chu (road point) to Taksha Lower Secondary School. This was due to entertaining porter charges for two days as against one day specified by the Dzongkhag Administration, Wangduephodrang.

Auditee's response: *The administration submitted that they had allowed two days' porter charges in view of the conditions of the mule track during the monsoon season. It further stated that in the absence of any transit store at the road point, the rations had to be transported immediately to avoid damages.*

Who is accountable?: *Till the amount deposited into Audit Recoveries Account, Tshering Dorji, Head Teacher, Tasha Primary School and Namgay Tshering, Dzongkhag Education Officer are held accountable.*

F. The Dzongkhag Administration, Thimphu had awarded the work of development of Assembly ground at Changangkha Junior High School to M/s Tshering Wangchuk Construction. The work was completed within the stipulated time and the payments of Nu. 0.450 million were made. However, during joint physical verification revealed that the work done was 196 metre against the payments made for 227.76 metre resulting into excess payment of Nu. 0.022 million to the contractor.

Auditee's response: *The Dzongkhag Administration submitted that during the joint verification, the drainage work which was reconstructed after dismantling the existing ones were not taken into consideration. It stated that in the latest verification conducted with the contractor was found to be correct.*

Who is accountable?: *Reply is not tenable. The amount must be deposited into Audit Recoveries Account, for which Sonam Penjor, Junior Engineer is held accountable.*

G. The Dzongkhag Administration, Mongar had made double payment of salary amounting to Nu. 0.049 million to the supporting staff of different schools under the Dzongkhag.

Auditee's response: *The Administration assured that the amount would be recovered and remitted to RAA.*

Who is accountable?: *Till the amount is deposited into Audit Recoveries Account, Ugyen Tshering, Finance Officer is held accountable.*

H. The Dzongkhag Administration, Zhemgang had made the excess payment of Nu. 0.029 million on account of claims of personnel effects. The officials in grade 9 and below were paid for 4 MT to 8 MT and the officials in grade 8 to 4 were paid for 8 MT to 12 MT in contravention of the government circular.

Auditee's response: *The administration stated that the recovery is under process and would deposit the amount into Audit Recoveries Account.*

Who is accountable?: *Until such time the amount is deposited into Audit Recoveries Account, Sangay Thinlay, Dzongdag and the officials concerned are held accountable.*

I. Taktshang Reconstruction Project purchased Bhutanese paints worth Nu. 0.581 million from M/s Sonam Trophel Hardware. While conducting physical verification of the paints it was noticed that the net weight marked on the packets were varying from 100 grams to 450 grams and some from 1 kilogram to 2 kilograms. The quantity actually received was less than the quantity actually paid for resulting into excess payment of Nu. 0.107 million.

Auditee's response: *The supplier upon being informed of the matter had supplied some paints and utilized for the painting of Guest Houses, Security House and Chorten*

Lhaxhang.

Who is accountable?: *The reply is not tenable. The excess payment made to the supplier should be deposited into the Audit Recoveries Account, for which the accountability shall be fixed on Kinley Gyeltshen, Engineer and Lhatu, Store in Charge.*

J. The contract for 1st class traditional painting for the Taktshang Monastery was awarded to M/s Phurba Painting, Thimphu. The contractor billed the total amount of Nu. 0.176 million, exactly the contract value and accordingly made the payment. The detailed measurement was verified by Karma Wangchuk, the then Project Engineer.

The contractor had again claimed bills supported by measurement sheet prepared by him amounting to Nu.0.223 million. This claim addressed to Dasho Dzungdag was made two months after the initial bill payment on the ground that the government engineer while measuring the work done had not considered the height of the room and outer portion thus reducing the value of the work done. Karma Wangchuk verified the claims and remarked that some portion would be entertained.

Later Kinley Gyeltshen, new Project Engineer who replaced Karma Wangchuk submitted a note sheet to Dzungdag. Based on the approval accorded by Dzungdag and Project Manager payment of Nu.0.223 million was made which included those items stated to be inadmissible by former project engineer. This resulted into an excess payment of Nu. 0.170 million.

Auditee's response: *Appropriate response awaited.*

Who is accountable?: *The excess payment should be recovered and deposited into the Audit Recoveries Account, and the accountability to do so is fixed on the Project Engineer, Kinley Gyeltshen.*

K. The Dzongkhag Administration, Trashiyangtse had awarded the construction of Additional Guest House to M/s Tandin Construction, Trashiyangtse. The excess payment of Nu. 0.229 million was made on account of the earth work in excavation and providing and fixing 15 lt white vitreous china low level cistern as noted during joint site verification.

Auditee's response: *The Administration stated that the area earmarked/ allotted for the construction was in Bush and thick jungles and that the terrain was not gentle and uniformly sloped. It further stated that although the quantity of excavation earth has exceeded the BoQ quantity by 167.9 cum, the total bill payment made to the contractor was within the BoQ amount, against the technically sanctioned amount.*

Who is accountable?: *Till the cost difference is deposited into Audit Recoveries Account, the Dzongkhag Engineer and Dzungdag are held accountable.*

L. The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu. 0.184 million on account of carrying charges of personnel effects and head load transportation charges to various officials/staff.

Auditee's response: *The administration submitted that the concerned sector heads were intimated to deposit the amount into Audit Recoveries Account.*

Who is accountable?: *The excess payment should be deposited into the Audit Recoveries Account, and the accountability to do so is fixed on the Dzongkhag Finance Officer and Dzungdag.*

4. Outstanding advances - Nu. 52.158 million

Verification of the Memorandum Register of the various Dzongkhag Administrations revealed huge outstanding advances as detailed in the table 1.15.

Table 1.15 showing agencies wise amount of outstanding advances.

Sl. No	Name of Dzongkhags	Amount (Nu. Million)	Remarks
1.	Dzongkhag Administration, Sarpang	11.811	
2.	Dzongkhag Administration, Trongsa	0.316	
3.	Dzongkhag Administration, Wangduephodrang	0.789	Contract advances
4.	Dzongkhag Administration, Thimphu	2.677	
5.	Dzongkhag Administration, Tsirang	1.467	
6.	Dzongkhag Administration, Mongar	3.019	
7.	Dzongkhag Administration, Zhemgang	1.781	
8.	Dzongkhag Administration, Lhuentse	1.145	
9.	Dzongkhag Administration, Bumthang	10.768	
10.	Dzongkhag Administration, Punakha	0.326	
11.	National Commission for Cultural Affairs	2.365	
12.	MoH&CA, Secretariat	10.272	
13.	Paro Takshang Renovation Project	0.056	
14.	Dzongkhag Administration, Samdrupjongkhar	4.343	
15.	Dzongkhag Administration, Trashiyangtse	0.173	
16.	Dzongkhag Administration, Pemagatshel	0.192	
17.	Dzongkhag Administration, Trashigang	0.658	
	Total	52.158	

Auditee's response: *While some Dzongkhag did not respond some assured to try its best to adjust the same and review the cases with the RAA. Some requested the RAA to understand and appreciate the difficulty of not being able to comply with the rules by the agencies in the field.*

Who is accountable?: *All Dzongkhag Finance Officers, Drawing & Disbursing Officers and Dzongdags of respective Dzongkhags Administration are held accountable to deposit into Audit Recoveries Account with commercial interest of 16% p.a.*

5. Non-levy of liquidated damages – Nu. 2.009 million

Some of the Dzongkhags have not imposed the liquidated damages amounting to Nu. 2.009 million in violation of the terms and conditions stipulated in the contract agreements. Such instances are as shown below in the table 1.16:

Table 1.16 showing the agencies which had not levied liquidated damages.

Sl. No.	Dzongkhags	Amount (Nu. Million)
1.	Dzongkhag Administration, Sarpang	1.444
2.	Dzongkhag Administration, Gasa	0.278
4.	Dzongkhag Administration, Thimphu	0.021
		0.074
		0.031
5.	Paro Taktshang Renovation Project	0.032
6.	Dzongkhag Administration, Bumthang	0.107
7.	Dzongkhag Administration, Trongsa	0.022
	Total	2.009

Auditee's response: *While some of the Dzongkhags Administration have provided with justifications and assured to take actions, some are yet to respond on this issue.*

Who is accountable?: *All Dzongkhag Finance Officers, Drawing & Disbursing Officers and Dzongdags of respective Dzongkhags Administration are held accountable to deposit into Audit Recoveries Account with commercial interest of 16% p.a.*

6. Irregular/ inadmissible/ doubtful payment - Nu 2.363 million

Various Dzongkhags had made irregular and inadmissible payment to various individuals and third parties amounting to Nu. 2.363 million as briefly shown in the table below:

Table 1.17 showing agencies that had made irregular payments.

Sl. No.	Dzongkhag	Amount (Nu. Million)
1.	Dzongkhag Administration, Sarpang	0.057
3.	Dzongkhag Administration, Thimphu	0.048
		0.041
		0.055
4.	Dzongkhag Administration, Tsirang	0.024
		0.076
5.	Dzongkhag Administration, Bumthang	0.395
		0.120
6.	Secretariat, MoHCA	0.207
7.	Dzongkhag Administration, Trongsa	0.061
8.	MoHCA,	0.068
9.	Paro Taktshang Reconstruction Project	0.089
10.	Dzongkhag Administration, Lhuentse	1.094
11.	Dzongkhag Administration, Trashiyangtse	0.028
	Total	2.363

A. The Bhutan Civil Service Rules and Regulations clearly stipulated that a civil servant on transfer can claim carriage charge of personal effects for the minimum capacity prescribed by the Road Safety & Transport Authority for various type of vehicle as per the entitlement. However, on examination of the payment of carriage charges for the officials and staff of the Dzongkhag Administration, Sarpang and Hospital Administration, Gelephu revealed that the carriage charges amounting to Nu.0.024 million and Nu.0.033 million respectively were either paid in excess by taking the maximum carriage limit or above the monetary ceiling prescribed by the Royal Civil Service Commission.

Auditee's response: *The Dzongkhag Administration, Sarpang had accepted the audit findings and stated that the same amount would be recovered from the concerned individual and deposited into Audit Recoveries Account.*

Who is accountable?: *Meera Chhetri, Assistant Administrative Officer and the concerned officials are held accountable to deposit with commercial interest of 16% p. into Audit Recoveries Account.*

B. The Dzongkhag Administration, Thimphu had made an inadmissible payment of Nu. 0.048 million towards porter/pony charges in contravention to the entitlements prior to the revision of BCSR in 2002. It was evident from the fact that the officials in grade 12 & below were paid porter/ pony charges which they were not entitled and officials in grade 8 were paid porter charges for two as against the actual entitlement of one porter. Further, porter/ pony for the wife and children of the officials transferred were also entertained in contravention to the rules.

Auditee's response: *The Dzongkhag Administration stated that the officials were informed and the finance section will initiate recovery from the individuals.*

Who is accountable?: *The amount should be deposited into Audit Recoveries Account. The accountability to effect recovery and to deposit into Audit Recoveries Account is fixed on D.K Rai, Finance Officer.*

C. On cross verification of the TA/DA payments made with the attendance registers, it was found that the Thimphu Dzongkhag had made an inadmissible TA/DA payment of Nu. 0.041 million to various officials. It was observed that in most of the instances, the TA/DA claims were entertained for the days when the officials were in the office. Besides, the attendance registers were also not neatly maintained and monitored.

Auditee's response: *The Dzongkhag Administration stated that the observations were distributed to the concerned officials and their justifications were submitted to audit. It assured that upon further instruction of the RAA, finance section would initiate the recovery and deposit into Audit Recoveries Account.*

Who is accountable?: *Until such time the amount is deposited into Audit Recoveries Account with commercial interest of 16% p.a, the accountability is fixed on D.K Rai, Finance Officer.*

D. Dzongkhag Administration, Thimphu had paid the residential telephone bills amounting to Nu. 0.055 million which was not admissible as per rules.

Auditee's response: *The Dzongkhag Administration stated that the official calls made from the residence shall be paid upon submission of the reimbursement claims duly approved by the approving authority and that the rental charges would be recovered and deposited into Audit Recoveries Account.*

Who is accountable?: *Till the amount paid for unofficial calls are deposited into Audit Recoveries Account, D.K Rai, Finance Officer is held accountable.*

E. The officials and the staff of the Dzongkhag Administration, Tsirang were paid scooter mileage amounting to Nu. 0.024 million which was not admissible as per BCSR 2002.

Auditee's response: *The Administration stated that the officials were informed and the amount would be recovered and deposited into Audit Recoveries Account.*

Who is accountable?: *Until such time the amount is deposited into Audit Recoveries Account, Lhendup Wangchu, Dzongdag and Rudra Mani Dhimal, Finance Officer are held accountable.*

F. The officials of Dzongkhag Administration, Tsirang were paid daily allowance amounting to Nu. 0.076 million for the tours performed within the location of 10 KM which was not admissible as per the rules.

Auditee's response: *The Administration stated that the officials were informed and the amount would be recovered and deposited into Audit Recoveries Account.*

Who is accountable?: *Until such time the amount is deposited into Audit Recoveries Account, Lhendup Wangchu, Dzongdag and Rudra Mani Dhimal, Finance Officer are held accountable.*

G. The Dzongkhag Administration, Bumthang had paid Nu. 0.395 million to Sangay Wangchug, Dzongrab towards the expenditure incurred for the construction of Public

Wangkhang at Kurje. However, it was observed that the payment was made based on the hand written statement, which was not supported by bill or cash memos. As such the expenditure could not be accepted in audit.

Auditee's response: *The Administration submitted that the bills were kept with Dzongrab to make payment to the parties.*

Who is accountable?: *The bills with supporting documents must be produced for verification. The accountability is fixed on Sangay Wangchug, Dzongrab.*

H. The Dzongkhag Administration, Bumthang had awarded the work of construction of six unit classroom to M/s Jigme Lhendup Construction at the quoted amount of Nu. 1.933 million. The contractor was paid an amount of Nu. 0.120 million for the works not carried out as verified by the audit.

Auditee's response: *The Dzongkhag Administration submitted that the lapses had occurred due to lack of strict supervision in the absence of the concerned person. However, the administration had assured that the contractor would be asked to execute the work for which the payments were made.*

Who is accountable?: *The amount as agreed should be deposited into Audit Recoveries Account with commercial interest of 16% p.a and for which the accountability is fixed on Tempa Gyeltshen, Dzongkhag Engineer.*

I. The Ministry of Home and Cultural Affairs had sent two officials to Mussorie, India for Indian Administrative Service Course under the Colombo plan. During field trips they were paid 60% DSA by the Ministry which is neither in line with the RGoB rules nor the Colombo Plan. No approval was granted from the RCSC and the DBA and the Ministry had paid on understanding basis from the overall saving without approval from the government. The payment was based on the RCSC circular No. RCSC/PA-13/99/08 dated 18/11/99 which was approved during the 145th Commission Meeting under NEX Program.

The payments made are detailed below:

Sl. No.	Name of Official	Amount (Nu. Million)
1	Sonam P Thaye, Asstt. Personnel Officer	0.114
2	Karma Jamtsho, Adm. Officer	0.093
	Total	0.207

Auditee's response: *The RCSC and the Department of Budget and Accounts, Ministry of Finance have been requested to endorse the DSA payment for the tour during their trainings in India considering the importance of the training.*

Who is accountable?: *The accountability to produce the circular under reference or approval from the competent authority is fixed on Sonam P. Thayer, Assistant Personnel Officer, Karma Jamtsho, Administrative Officer & the disbursing officer.*

J. The Dzongkhag Administration, Trongsa had made the Muster Roll payment of Nu. 0.061 million for the construction of Out Reach Clinic at Nabji. However, it was noticed that the Muster Roll was not supported by the labourer's thumb impressions/ signatures.

Auditee's response: *The administration stated that it has sought explanation from the Site Supervisor and the District Health Supervisory Officer and had found that payments made were authentic. It also stated that the supporting*

documents stamped with the thumb impression of the labourers were attached for reference.

Who is accountable?: *Until such time the explanation of the site in-charge and the District Health Supervisory Officer are produced for verification, site in-charge and the Dzongkhag Health Supervisory Officer are jointly held accountable.*

K. A sum of Nu. 0.090 million and Nu. 0.044 million were paid to Dorji Norbu, Census Assistant and Dupchu Dorji, Registration Officer respectively for conducting the census in Haa Dzongkhag. While comparing the TA bills of Chamba Dorji, Team Leader, and Rinchen, census enumerator along with the TA bill of Dorji Norbu and Dupchu Dorji, the start date and the end dates were not tallying though they were in the same team from the beginning to end of the census. Therefore, the porter/pony charges amounting to Nu. 0.040 million paid to Dorji Norbu and Nu. 0.028 million paid to Dupchu Dorji is inadmissible.

Auditee's response: Dorji Norbu and Drubchu Dorji have submitted the following justifications for their TA/DA claims:

The variations of the TA/DA claims with those of census officials from Haa were because their TA/DA for certain places fell under non-admissible areas of the Dzongkhag and didn't necessarily mean the end of the census in the dzongkhag until 20/3/2003. This is further supported by the relieving order No. DAH/ADM-25/2003/4333 dated 21/5/2003 of Haa Dzongkhag, where Mr. Dupchu Norbu had been relieved from the Dzongkhag w.e.f 21/05/2005 and instructed to report to the Ministry.

Although, the Census Guidelines restricted to conduct the census beyond geog centers, the team had to conduct the census village wise upon the genuine request of the community leaders and the public for the convenience of the farmers who had to walk from far-flung areas to the geog center in the cold winter season.

The National Census 2002 to 2003 also required thorough verification of all people without leaving any true Bhutanese un-registered and the non-Bhutanese claiming as genuine Bhutanese, the movement from one village to another was therefore necessitated to have more coverage.

Who is accountable?: *The reply is not tenable. Therefore, an inadmissible payment made must be deposited into Audit Recoveries Account and the responsibility to do so is fixed on Finance Officer, Dupchu Dorji and Dorji Norbu.*

L. Samdrup, Carpenter Gr. 4 at Paro Taktshang Reconstruction Project was paid Nu. 0.089 million. Scrutiny of Pay bills/Muster Roll vis-à-vis attendance register revealed he was actually not at site from January 2003 to June 2004.

Auditee's response: *As per the instructions of the Project Manager, he was not provided with any attendants or a driver for his office pool vehicle. As such Mr. Samdrup was engaged by the Project Manager to help him during the odd hours of working.*

Who is accountable?: *The reply is not acceptable. The amount should be deposited into Audit Recoveries Account for which the accountability would fixed on Kinley Gyeltshen, Project Engineer.*

M. The Dzongkhag Administration, Lhuentse had made the payments amounting to Nu. 1.094 million without the signature and the seal of the head of the Finance Section.

Auditee's response: *The Dzongkhag Administration, Lhuentse stated that the reply would be furnished to RAA only after Tempa Gyeltshen, Finance Officer returns from training in India.*

Who is accountable?: *Till the justifications are received in audit for further verification, the accountability is fixed on Nima Wangdi, Dzongdag and Tempa Gyeltshen, Finance officer.*

N. The Dzongkhag Administration, Trashiyangtse had made the payment of Nu. 0.028 million on account of salaries to two apprentice teachers. The payment was done till December 2001 while the services of the apprentice teachers was availed only up to May 2001 resulting into irregular payment for 7 months.

Auditee's response: *The Administration submitted that this had happened due to negligence of the dealing officials and that the request is made to the accounts section to effect deduction from the salary of Dorji Pasang, Principal, Trashiyangtse MSS.*

Who is accountable?: *Till the amount with commercial interest of 16% p.a is deposited into Audit Recoveries Account, Dorji Pasang, Principal is held accountable.*

7. Shortage/ Non accountal of cash in hand - Nu. 0.995 million

A. An examination of the records of the resettlement account maintained by the Dzongkhag Administration, Sarpang for the Financial Year 2001 to 2003 revealed cash balances of Nu.0.883 million. Neither the cash balances were produced physically for verification nor was the expenditure to that extent incurred during that year.

Auditee's response: *Appropriate action from the Dzongkhag awaited in audit.*

Who is accountable?: *Tshering Dorji, UDC is held accountable to deposit the shortage of cash in hand into Audit Recoveries Account and Dzongdag to initiate administrative action on him.*

B. Dzongkhag Administration, Pemagatshel had not made available for verification the cash amounting to Nu. 0.112 million which was withdrawn from Geog Account towards the end of the financial year.

Auditee's response: *Response awaited.*

Who is accountable?: *Till the amount is deposited into Audit Recoveries Account, Dorji Ngedup, Accountant, Sonam Penjor, Officiating AFO and Jamba Tsheten, Dzongrab are held accountable.*

8. Irregularities in Cash Book - Nu. 0.075 million

The closing bank balance as per the cash book of RAPA, NCCA on 30/06/01 was Nu. 0.463 million whereas as per the bank statement the balance was Nu. 0.388 million resulting in a difference of Nu. 0.075 million. The balance is still being carried forward and no action has been taken against the defaulter.

Auditee's response: *NCCA submitted that the Para has been intimated to the Principal, RAPA.*

Who is accountable?:

The amount should be deposited into the Audit Recoveries Account. The accountability is fixed on Thinley Jamtsho, Principal.

9. Outstanding cost of books - Nu. 0.098 million

The National Museum, Paro had Nu. 0.098 million lying outstanding against M/s KMT press on account of sale of Colloquium books.

Auditee's response: *The National Museum submitted that the note sheet have been put up to the Hon'ble Minister, Ministry of Finance for approval and once it is granted, the amount would be recovered and deposited into SBA account.*

Who is accountable?: *The outstanding advance should be deposited into the Audit Recoveries Account. The accountability is fixed on Dorji Namgyal, Curator and Gem Tshering, Conservator.*

10. Blockage of government fund - Nu. 2.797 million

A. Department of Culture had procured additional 217537 pieces of Bhutanese papers despite having a stock balance of 2,18,300 pieces valuing Nu. 1.201 million.

Auditee's response: *The Project Management stated that once the site inspections of the Bhutanese Papers are done the RAA would be intimated.*

Who is accountable?: *The accountability is fixed on the Procurement Committee of Taktshang Renovation Project for their extravagance and lack of concern for financial propriety. A utilization plan must be made available to the RAA.*

B. 582 pieces of copper sheets each weighing 14.5 kgs @ Nu. 187.5 per kg was purchased for embossing, making serthogs and statues. Out of which 324 pieces were issued to Druk Bronze Casting unit, Thimphu leaving a balance of 258 sheets valuing Nu. 0.701 million, resulting into blockade of government fund.

Auditee's response: *It was responded that the excess copper sheets were purchased as per the instruction of Dasho Tensoi Lapon, to renovate other lhakhangs nearby Taksang Pelphug such as Zangtöpelri, Ugyen Tsimu and Zimchusarpo. During the reconstruction of these lhakhangs the copper sheets would be utilized and RAA intimated.*

Who is accountable?: *The accountability is fixed on Procurement Committee of Taktshang Renovation Project for not exercising any common sense and procuring for projects which were not part of the current project.*

C. The Dzongkhag Administration, Thimphu had the budget provision of Nu. 0.895 million for Fire Security Systems for the Tango and Chary Monasteries for the financial year 2001-02. It was found that the work was not implemented due to the reason that the equipment was not readily available in the market. However, the same budget amount was shown as advance to the Dzongkhag Engineer. The equipment was purchased during the financial year 2002-03 but during the physical verification it revealed that till the date of audit the system was not installed. As such, pending execution of the work had resulted into blockade of funds which otherwise would have been diverted to other significant purposes.

Auditee's response: *The Dzongkhag Administration submitted that the delay in execution of the work was caused due to non-availability of equipments in the local market and the people specialized for the job. It further stated that in the absence of focal person in taking up the religious matters, the works have*

to be initiated by the officials who are already assigned with the planned activities.

Who is accountable?: *The job requiring specialized knowledge should be well planned before time. The accountability for the above lapse is fixed on Dasho Sherub Gyeltshen, Dzongdag.*

11. Non collection of cost of land - Nu. 0.210 million

It was noted that the Bhutan Post, Trongsa was allotted land measuring 14,771 sq. ft at the Trongsa municipal area. The cost of the land amounting to Nu. 0.210 million was not realized from the Bhutan Post.

Auditee's response: *The administration stated that the replies furnished by the Bhutan Post are further furnished to RAA for necessary action.*

Who is accountable?: *The amount must be deposited into Audit Recoveries Account and the accountability to do so is fixed on Sonam Gyeltshen, Asstt. Finance Officer and Dzongdag.*

12. Non levy of penal interest- Nu. 0.078 million

The Gups under Dzongkhag Administration, Wangduephodrang, had collected and deposited an amount of Nu. 0.537 million to the Revenue Section in January 2004 towards the collection of Rural House Insurance for the year 2004. However, it was found out that the revenue sections of the Dzongkhag had neither issued revenue receipt against the deposits made by the Gups nor accounted for in the cash book till September 2004 thereby delaying almost by 8 months. As such the penal interest of 24% for eight months amounting to Nu. 0.078 million needs to be levied on the official concerned.

Auditee's response: *The Dzongkhag Administration, Wangduephodrang had reiterated the justifications given by the Gups that the delay was caused due to increased work load of the Gups after decentralization of power, absence of the people in the villages during the times of collections and notification of RICB to deposit the life insurance latest by March.*

Who is accountable?: *Till the amount of penal interest is deposited into Audit Recoveries Account, the accountability is fixed on Ugyen Rinzin of the Revenue Section of the Dzongkhag. It shall carry additional commercial interest of 16 %.*

13. Non deposit of revenue - Nu. 0.127 million

A. On verification of the Revenue collections and deposits for the two financial years 2002-03 and 2003-04 of the Dzongkhag Administration, Tsirang, it was observed that Gyeltshen, Revenue in-charge had not deposited the revenue amounting to Nu. 0.039 million into Revenue Account. Besides, the above recoverable amount, he is also liable to pay penal interest for the late deposit.

Auditee's response: *The administration stated that after adjustment of the excess deposit made and the penal interest accrued thereon, only the amount of Nu. 0.066 million is recoverable.*

Who is accountable?: *The original documents in support of the deposits should be produced for verification. The amount should be deposited into Audit Recoveries Account. Till then, the accountability is fixed on Gyeltshen, Revenue in-charge. Administrative and legal action as appropriate be taken on him*

and intimated to the RAA.

B. The Dzongkhag Administration, Pemagatshel had procured 298.05 m³ of firewood out of which 68.55m³ were issued and the balance were disposed off to schools for Nu. 0.088 million. However, the amount was not collected and deposited.

Auditee's response: *The Dzongkhag Administration, Pemagatshel assured that the amount would be recovered and deposited into Audit Recoveries Account.*

Who is accountable?: *Dzongdag is held accountable for depositing the amount.*

14. Non/ Less deduction of house rent - Nu. 0.166 million

A. The officials and the staff of various sector of the Dzongkhag Administration, Tsirang who have been occupying the Government quarter were paying the house rent of 20% instead of 30% of their basic pay resulting into short deduction of Nu. 0.135 million.

Auditee's response: *The administration admitted to the short deduction of rent. It stated that the officials are informed and the recovery would be effected and deposited into Audit Recoveries Account.*

Who is accountable?: *Until such time the amount with penal interest of 24% p.a is deposited into Audit Recoveries Account, Lhendup Wangchu, Dzongdag and the concerned officials are held accountable.*

B. It was also noticed from the House Rent Collection register of the Dzongkhag Administration, Tsirang had not deducted the rent amounting to Nu. 0.031 million from the officials for occupying the government quarters.

Auditee's response: *The administration stated that the office is in the process of collecting the rent and would inform the RAA of its outcome.*

Who is accountable?: *Until such time the amount with penal interest of 24% p.a is deposited into Audit Recoveries Account, Lhendup Wangchu, Dzongdag and the concerned officials are held accountable.*

15. Non accountal of stock - Nu. 0.110 million

A. The Damphu Lower Secondary School under Dzongkhag Administration, Tsirang had not accounted the stock amounting to Nu. 0.088 million in the stock register of the school.

Auditee's response: *Response awaited.*

Who is accountable?: *Till the stocks are accounted for and the RAA intimated, the accountability is fixed on Tashi Penjor, Head Teacher.*

B. The Dzongkhag Administration, Wangduephodrang had supplied 21'' Sony TV costing Nu. 0.022 million to Gaselo Lower Secondary School but on physical verification it was found replaced by the Phillips TV which is unserviceable.

Auditee's response: *The Administration submitted that the reminder was issued to Mr. Jima Dorji, Head Teacher, Gunitsawa Primary School, Paro to deposit the amount.*

Who is accountable?: *The cost of the 21'' Sony TV of Nu. 0.022 million needs to be deposited into Audit Recoveries Account, besides taking administrative action for replacing with unserviceable Phillips TV.*

16. Outstanding revenue - Nu. 0.308 million

A. The Dzongkhag Administration, Mongar had not collected the amount of Nu. 0.325 million on account of municipal taxes. The collection was over due since 1999.

Auditee's response: *The Administration submitted that out of the total amount collectible, Nu. 0.207 had been collected and remitted to the RAA and the balance would be recovered and deposited into Audit Recoveries Account.*

Who is accountable?: *Till the balance of Nu. 0.266 million with commercial interest of 16% is deposited into Audit Recoveries Account, Dzongdag will be held accountable.*

B. The Dzongkhag Administration, Samdrup Jongkhar had not collected Municipal Tax amounting to Nu. 0.042 million from the various plot owners.

Auditee's response: *The Dzongkhag Administration, Samdrup Jongkhar had submitted that the outstanding taxes will be collected with penalty if not deposited on time.*

Who is accountable?: *Until the amount with penal interest is deposited into Audit Recoveries Account the former Dzongdag and the Dzongkhag Engineer will be held accountable.*

17. Irregularities in award of contract, tendering and procurement - Nu. 2.751 million

Various Dzongkhags have not adhered to the Procurement Rules and the Financial Rules and Regulations during the award of contract, tendering and procurement. Such irregularities have burdened the government exchequer to the tune of Nu. 2.751 million as shown in the table below:

Table 1.18 showing the agencies which had overlooked the tender formalities.

Sl. No.	Agency	Amount (Nu. Million)
1.	Paro Taktshang Reconstruction Project	1.732
2.	Dzongkhag Administration, Wangduephodrang	0.134
3.	Punakha Dzong Renovation	0.885
	Total	2.751

A. As per the approval of the procurement committee, the Secretary, Department of Culture procured 400 tolas of gold (dangser) worth Nu. 3.535 million for the Taktshang Reconstruction Project. 204 tolas of gold was issued by the Headquarter to the TRP, thereby leaving a balance of (400-204) 196 tolas of gold. The site in charge stated that the balance quantity amounting to Nu. 1.732 million was with Dasho Tensoi Lapon. The balance amount of gold was physically verified. This indicates that the purchase was not done in the most judicious and prudent manner.

Auditee's response: *Appropriate response awaited.*

Who is accountable?: *RAA to be appraised of the usage of the balance amount of gold worth Nu. 1.732 million at the earliest. The accountability is fixed on the Procurement Committee.*

B. The Dzongkhag Administration, Wangduephodrang had awarded the work of construction of Forest Office cum Residence at Kamichu to M/s Lhaden Construction at the tendered amount of Nu. 0.780 million. However, the work was not awarded to M/s K& T Construction

which had quoted Nu. 0.646 million, thereby resulting into extra financial burden of Nu. 0.134 million to the government.

Auditee's response: *The administration stated that in order to maintain the quality of the structure and that M/s Lhaden Construction had good reputation with the Dzongkhag, the tender committee members had decided to award the work to M/s Lhaden Construction instead of the lowest bidder. It further stated that the Dzongkhag administration had obtained budget clearance from Ministry of Finance for the cost exceeded.*

Who is accountable?: *Awarding of work merely on subjective criteria is not a sufficient condition. The cost too, should have been considered in evaluation of the tender. Ugyen D. Shartsho, Officiating Dzongdag and Kinga Dorji, Dzongkhag Engineer are held accountable for favoring a certain party.*

C. It was noticed that the tender committee for the Punakha Dzong Renovation Project had accepted the bidding document in which the unit of some of the items were not in accordance with Bhutan Schedule of Rates. As per the BSR, the length of wires and conduit exceeding 10 m are taken as an excess length and are measured in running meters owing to the huge difference in cost. However, for Punakha Dzong re-electrification, all wiring length exceeding 10m are referred as "Extra Long Point" and was paid in point system amounting to Nu. 0.885 million.

Auditee's response: *The management submitted that the prices fixed for the items not included in the BOQ were based on the market rate of Thimphu. Further, it stated that it was fixed in consultation with representative from the DUDH, Ministry of Works and Human Settlement.*

In their response to the Draft Annual Audit Report "It is acknowledged that all wiring length exceeding 10 metres have been taken as extra long points and payments made on point basis. In fact the reference rate is based on technical sanction issued by erstwhile Department of Power. The rates used for estimating amount in the technical sanction were derived from BSR-2000 (Electrical), based at Phuntsholing with a provision for Punakha cost index. The rates paid were based on the rates quoted by the Contractor and therefore, tender committee did not fix any price.

Further, as already submitted the payment on point basis did save the national exchequer a sum of approximately Nu.50,000.00.

In view of above, since the rates paid to the contractor have not increased, and since the increase in scope of works could not be avoided, we would like to request that the memo be kindly dropped and very importantly the internal electrification of the Dzong has been professionally and successfully implemented taking into accounts various aspects of safety, reliability, durability and minimum impact on traditional and historic architecture of the Dzong".

Who is accountable?: *Until such time the physical verification is conducted to ascertain the accuracy of the payment made the accountability is fixed on Dasho Pema Wangchuk, Nob Tshering, Tashi Dargay, Aku Dorji, Yeshi Rangrik Dorji, Tashi Dorji and Karma P. Dorji.*

18. Misappropriation of funds - Nu. 0.157 million

A. The accountant of the Dzongkhag Administration, Pemagatshel had misappropriated the amount of Nu. 0.055 million by preparing false bills. The pay bills of the Gedrungs were prepared prior to their appointments and the amount withdrawn in their names was misused by the accountant.

Auditee's response: *Response awaited.*

Who is accountable?: *The amount should be deposited into audit recoveries account with 16% commercial interest besides taking administrative action against the defaulter. Until such time, Dorji Ngedup, accountant, Tenzin Jamtsho, AFO and Jamba Tsheten, Dzongrab are held accountable.*

B. Further, the amount of Nu. 0.046 million had been misused by preparing false bills. The Dzongkhag Administration, Pemagatshel had organized song and joke competition in collaboration with Mila Communication. The Mila Communication had written to Dzongdag that the Dzongkhag Administration would meet the expenditure of Nu. 0.033 million. However notwithstanding this, the administration had reimbursed Nu. 0.079 million to Lupon Yeshi Jurmey of Pemagatshel Middle Secondary School, a focal person appointed by the DDC. Further, an effort had been made to meet some of the beneficiaries of the payment and the written statements have been obtained. As evident from the statements made some of the beneficiaries had not received full amount as shown and some have not received the payment at all.

Auditee's response: *The administration had stated that it has informed Samtse Dzongkhag Administration for the recovery.*

Who is accountable?: *Till the amount is deposited into Audit Recoveries Account, Lupon Yeshi Jurmi, Sonam Penjor, Officiating AFO and Jamba Tsheten, Dzongrab are held accountable.*

C. Similarly, the amount of Nu. 0.056 million was also misused by preparing double disbursement vouchers pertaining to the TA claims of the teaching staff by the accountant of Dzongkhag Administration, Pemagatshel.

Auditee's response: *Response awaited.*

Who is accountable?: *Till the amount is deposited into Audit Recoveries Account, Dorji Ngedup, accountant, Kinga Dorji, Officiating AFO and Jamba Tsheten Dzongrab are held accountable.*