

PERFORMANCE AND THEMATIC AUDIT REPORTS

The Royal Audit Authority has the mandate and responsibility to audit and report on the Economy, Efficiency and Effectiveness in the uses of public resources. The audits were primarily aimed at identifying areas of shortcomings and deficiencies impeding the effective delivery of public services and recommending measures for improvements thus promoting accountability in achieving the intended objectives by the agencies audited.

During the year, the Royal Audit Authority had issued 5 Performance and Thematic Audit Reports on the following topics and had made series of recommendations to streamline the operations, systems and procedures for effective utilization of resources.

Air Ticket Procurement System;

Forest Roads Management by the Forestry Development Corporation Ltd.;

Basic Health Unit;

Web Site audit of Ministry of Education, Finance, Trade & Industry, Foreign Affairs and Works & Human Settlement; and

Government Quarter Allotment System of NH&DC.

The significant observations and recommendations made in each report were as highlighted below:

7.1 Air Ticketing

The RAA had carried out the review of the systems and practices followed in procuring air tickets by Ministries and a few agencies. Significant observations and recommendations were as summarized below:

7.1.1 Full Fare Economy charges paid for the Excursion Class Tickets provided

The Royal Audit Authority observed that in several cases, discounted and excursion class tickets were provided against the full fare economy class tickets asked and paid for by the organizations. Generally there were lack of awareness amongst the procuring agencies of the varying amounts of discounts and other conditions available with the excursion, economy or discounted tickets owing to reduced facilities of transferability, re-routable and endorsable features etc. Price differences in the fares printed in the air tickets and discounted/excursion fares were as high as over 50%.

7.1.2 Limited bidding procedures in most cases

In most cases air tickets were being procured on the basis of limited bidding procedures thereby restricting wider participation. Absence of open bidding system would provide ticketing agents the scope for forming syndicate and collusive bidding resulting to charging exorbitant costs for the air tickets. The possibility of ticketing agents extending part of benefits to the officials traveling or those directly involved in procurement of air ticketing in the form of hotels or even in cash could not be ruled out.

7.1.3 Quoting fares with or without hotel

In some cases instead of quoting Full Economy Fare and Excursion Fare the ticketing agent had quoted two different fares i.e. fare with hotel accommodation and fare without hotel accommodation. In such cases the procuring agency had accepted the fare with hotel accommodation resulting in Government bearing the cost of accommodation as well as payment of full DSA.

Recommendations:

Important recommendations made by the RAA were:

- ✿ Making specific provisions for the procurement of air tickets in the Procurement Manual as no detailed rules or guidelines are available;
- ✿ Creating awareness amongst procuring agencies regarding the different types of air tickets and varying fare structures;
- ✿ Maintaining list of approved airlines to avoid personal preferences and also to ensure security and safety of government employees traveling by different airlines.

The Ministry of Labour and Human Resources had complied with the procurement norms in general.

7.2 Audit of Forest Road Management

The RAA reviewed the procedures and practices followed by the Forestry Development Corporation Ltd concerning construction of forest roads. Besides, achieving important commercial objectives, forest roads also provide access to local communities and others. While the RAA noted significant improvement over the years in the construction and management of forest roads and that concept of environment friendly road construction was reinforced, the RAA noted some areas requiring further

improvements. Significant observations and recommendations made were as below:

a) *Road construction before finalization of Management Plan had rendered roads unused for 5 years*

In Rongmanchu Forestry Management Unit under Zhonggar Division, 7.5 Km of forest road was constructed at a cost of Nu. 6.775 million under the Third Forestry Development Project (TFDP) prior to the finalization of the Management Plan. In addition, the FDCL had also incurred an expenditure of Nu. 0.215 million on account of maintenance of the road. The main objective of constructing this road was for facilitating logging activities.

However, the road was not found used for logging operation since its construction in 2000 though the FDCL was writing off the cost of the road from its books of accounts every year. Though the road has benefited the villages of Budur and Kupinyesa for local transportation, the main objective of the road construction was not achieved.

b) *Inadequate monitoring over road construction works*

The RAA noted that proper site clearance were not carried out in the Gogona Forest Road construction as only tall and big trees were felled, cross cut and sided, bushes and shrubs were left un-cut. This was mainly due to inadequate site supervision.

Recommendations:

Important recommendations made included the following:

- ✿ Adoption of environmentally sound forest road construction techniques should be enforced;
- ✿ Forest road constructions should be taken up only after the Forest management Plan is finalized to ensure proper utilization of forest roads;
- ✿ Deployment of trained and qualified engineers and experienced contractors should be considered;
- ✿ Road design and specification to be developed based on climatic conditions and types of terrain.

The Forestry Development Corporation Limited considered four recommendations most important and assured to implement them.

7.3 Audit of Basic Health Unit (BHUs)

The Royal Audit Authority reviewed and evaluated the operations of some of the BHUs on a selective basis to ascertain the economy, efficiency and effectiveness of the delivery of the Primary Health Care Services. BHUs are primary level institutions in the health care system. The local communities have been benefiting from the BHUs established at the community level. BHUs also created awareness amongst the local communities about the hygiene and cleanliness.

The significant observations and recommendations made by the RAA were as summarized below:

a) *Non-allocation of staff and facilities as per the guidelines*

In some cases BHUs were not allocated staff and other facilities as per the guidelines thereby impeding effective delivery of primary health care services.

b) *Non-integration of traditional medicine system with the overall health services*

One of the objectives of the 9th Plan of the Health Sector was to integrate the traditional medicine system with the overall health services. These were not found implemented in the BHUs visited by the Team.

c) *Supply of drugs with short expiry dates*

There were cases where drugs having short expiry dates were supplied to BHUs. In some cases drugs became time expired even before reaching the BHUs from the road head points.

d) *Varying % of utilisation of drugs and non-drug items*

Utilisation of drug items in various BHUs varied from 0% to 100% and non-drug items 3.82% to 100%. Large quantities of drug and non-drug items were not utilised at all indicating that adequate studies were needed in assessing the requirements of different BHUs.

Recommendations

Recommendations made by the RAA included the following:

- ✿ Allocation of staff should be made as per the guidelines framed for different categories of BHUs;
- ✿ BHUs should be provided with requisite equipments i.e., Doppler, baby warmer, electrical suction etc.;
- ✿ Traditional medicine system should be integrated with the overall health services;
- ✿ DVED should procure drugs with reasonably long shelf life; and
- ✿ Having regard to the need for the essential drugs, DVED should monitor the uses of drug and non-drug items and mobilize unused and surplus items to avoid the incidences of wastage and stock out situations.

7.4 Audit of Web sites

Ministries and various government agencies have developed and launched their own Websites for carrying out their operations and service delivery systems as well as for online information sharing. Given the importance attached to the ICT developments, the RAA as a step forward towards IT auditing conducted a study of Websites developed by five Ministries with the objectives to ascertain economy, efficiency and effectiveness in the uses of resources pertaining to the development and operations of Websites.

Important findings of the RAA included the following:

- ✿ Aims and objectives of Websites development were not clearly defined which are inevitable for facilitating proper monitoring and evaluation of effectiveness;
- ✿ Lack of General guidelines for development of Websites resulted in inconsistency in the presentation and quality of Websites.
- ✿ Comparison of incorporation of essential features of Websites developed indicated that the Website of the Ministry of Finance had the maximum features incorporated.
- ✿ Some Websites did not have essential features like search engines, hit counter, feed back form, links, archives etc.;
- ✿ Internet speed had been found to be generally very slow due to lower bandwidth;
- ✿ Approval and documentation of Websites development were generally lacking; and
- ✿ Disaster recovery measures and security features were not adequate in most cases;

Recommendations:

Important recommendations made by the RAA included the following:

- ✿ Development of Guidelines for the Websites by the DIT;
- ✿ Need to ensure adequate documentation for approval, designing and development of the Websites;
- ✿ Need to have clearly defined objectives for the development of Websites,
- ✿ Need to carry out proper need analysis and incorporate essential features including archiving of essential information and instructions, circulars etc;
- ✿ Names of agencies, departments and divisions to be also written in Dzongkha to promote the national language; and
- ✿ Need to avail adequate bandwidth for internet to ensure speedier access.

Since the recommendations were applicable to most of the Ministries and agencies having or intending to develop websites, the same may be reviewed and implemented where practicable. The Ministry of Information and Communication in particular the Department of Information Technology may review the recommendations for possible implementation. The Ministry of Information and Communication in general explained the reasons leading to the inconsistencies and problems as pointed out by the RAA.

7.5 Government Quarter Allotment System

The National Housing Development Corporation (NHDC) was established under the Ministry of Works and Human Settlement in September 2003 to address the housing shortage, provide the low cost housing and to effectively administer the existing residential quarters.

The Royal Audit Authority conducted the study of operations of NHDC with the objective to ascertain whether the Government quarters were managed effectively in adherence to applicable laws, rules and regulations.

Pertinent findings of the RAA included the following:

While in general Government quarters were found allotted on first come first serve principles there were cases of preferential allotments,

No periodic repair and maintenance system was in place and rather repair and maintenance of government quarters were carried out based on complaints received and availability of budgets,

There were lack of monitoring over the unauthorized sub-letting of quarters,

Effective measures to monitor the assessment, collection and accountal of rental income were lacking,

There were cases of non-surrender of quarters even long after transfers and retirement,

There were no proper Fixed Asset Register of Government quarters maintained for effectively monitoring the allotment and collection of rents,

Changjiji complex had drinking water problems due to use of pipes of wrong specification in the main supply lines and faulty designs in water connections provided,

Unclear jurisdiction of NHDC over Government quarters pertaining to Dzongkhags, institutions and agencies.

Recommendations:

Important recommendations made by the RAA were as follows:

- ✿ NHDC should maintain fairness and equity in allotting Government quarters by strictly following first come serve principle;
- ✿ NHDC should strictly enforce lease agreements regarding subletting of quarters and take over those quarters and re-allot if found sub let;
- ✿ NHDC should institute periodic repair and maintenance plan of government quarters;
- ✿ NHDC should resolve the drinking water problems in the Changjiji Hosing Complex;
- ✿ NHDC should immediately takeover the quarters from the occupants on transfers or retirements as per rules; and
- ✿ NHDC should ensure maintenance of complete inventory of government quarters and institute proper system to monitor over the assessment and collection of rents.

The management in general accepted the recommendations and the same were either already implemented or were being implemented.
