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Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources

AIN: GCD-2024-306

FINANCIAL AUDIT REPORT OF THE BHUTAN OLYMPIC COMMITTEE, THIMPHU

PERIOD: 01/07/2023 TO 30/06/2024

JANUARY 2025

"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."
- His Majesty King Jigme Khesar Namgyel Wangchuck

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Website: www.bhutanaudit.gov.bt | Email: info@bhutanaudit.gov.bt

RAA/GCD/AR/05/BOC/2024-25/3561 **Dated: 14/01/2024**

The Secretary General
Bhutan Olympic Committee
Thimphu

***Subject*:** **Financial Audit Report of the Bhutan Olympic Committee, Thimphu for the period 1st July 2023 to 30th June 2024**

Sir,

Enclosed herewith, please find the audited **financial statements and auditors' report thereon** in respect of the Bhutan Olympic Committee, Thimphu for the financial year ended 30th June 2024 along with the **Audit Findings & Recommendations**. The audit was conducted as required under the Audit Act of Bhutan 2018, and in accordance with International Standards of Supreme Audit Institutions (ISSAIs).

Auditor's Report on the Financial Statement

As may be noted from the auditors' report, the financial statements are prepared by the Bhutan Olympic Committee, in all material respects, in accordance with Financial Rules and Regulations 2016. Accordingly, the RAA has expressed unmodified (clean) opinion on the financial statements.

Audit Findings and Recommendations

The auditors' review of the accounting records, internal controls and operations of the Bhutan Olympic Committee, Thimphu revealed some deficiencies and lapses which are detailed in **Part I** of the main report along with recommendations, which also forms part of the audited financial statements for the year ended 30th June 2024.

The RAA has reviewed the replies furnished by the Bhutan Olympic Committee, Thimphu and incorporated in the report. Out of twenty six (26) audit findings, fifteen (15) audit findings were settled in view of replies and related supporting documents, recovery made and evidences furnished, which are reported under **Part II (Management Appraisal Report)** for future reference and compliance.

The Bhutan Olympic Committee, Thimphu is requested to review the deficiencies and lapses pointed out and institute appropriate check and balance systems to curb such lapses in future. The Royal Audit Authority would appreciate receiving an Action Taken Report (**ATR**) **within one month** from the date of issue of the report.

Follow-up status of previous audit reports

The RAA has also carried out the follow-up of previous audit reports. The summary of the reports and current status is given below and detailed in **Part III** of the report.

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Sl. No.	AIN	Name of Agency	Financial Year	No. of unresolved findings	No. of findings resolved	Balance
1	GCD-2023-207	Bhutan Olympic Committee	01/07/2021 to 30/06/2022	06	04	02
2	GGD-2023-479	Bhutan Olympic Committee	01/07/2022 to 30/06/2023	08	01	07

The Bhutan Olympic Committee should take concerted efforts to resolve the balance findings under intimation to RAA.

The Royal Audit Authority acknowledges the kind co-operation and assistance extended to the audit team by the officials of the Bhutan Olympic Committee, Thimphu which facilitated timely completion of the audit.

Yours sincerely,

(Dorji Wangchuk)
Deputy Auditor General

Copy to:

1. The General Secretary, all the Federations and Associations;
2. AAG, PPD, Royal Audit Authority, Thimphu;
3. AAG, Follow-Up & Legal Services Division, Royal Audit Authority, Thimphu; and
4. Office copy.

TITLE SHEET

1.	Title	:	Financial Audit Report of the Bhutan Olympic Committee, Thimphu
2.	AIN	:	GCD-2024-306
3.	Head of the Agency	:	Sonam Karma Tshering, Secretary General EID No. 9610057, CID No.:108****1134 E-mail address: sonamkt@gmail.com
4.	Drawing & Disbursing Officer	:	Nim Dorji, Deputy Chief finance Officer EID No. 2020006917790, CID No. 1191000175 E-mail address: ndorji.boc@gmail.com
5.	Name of Finance Personnel	:	1. Sonam Tshewang, Finance Officer CID No. 108****0536 E-mail address: sonamtshewang2013@gmail.com 2. Tikaram Biswa, Accounts Assistant EID No. 8712034, CID. No. 118****0195 E-mail address: tikaboc@gmail.com
6.	Period Audited	:	01/07/2023 to 30/06/2024
7.	Schedule of Audit	:	Start Date: (01/08/2024) End Date: (26/09/2024)
8.	Composition of Audit Team	:	**Team Leader:** 1. Karma Wangchuk, Deputy Chief Auditor (CID No.105****1364 & EID No. 9209042)) **Team Members:** 2. Biresh Parajuli, Sr. Auditor II (CID No.118****0979 & EID No. 200507262) 3. Thinley Dorji, Audit Officer (CID No.113****2068 & EID No.20180111421) 4. Tshering Wangchuk, Asstt. Audit Officer (CID No. & EID No.) 5. Chimi Wangmo, Auditor II (CID No. 103****1466 & EID No. 202407927994)
9.	Supervising Officer	:	Tshering Yangzom, Offtg. Assistant Auditor General EID No. 201001062
10.	Overall Supervising Officer	:	Dorji Wangchuk, Deputy Auditor General EID No. 200201004
11.	Audit Intimation Letter No.	:	RAA/GCD/BOC/02/2024-25/2610 dated 01/08/2024
12.	Date of Audit Exit Meeting	:	25th October, 2024

ACRONYMS

AIN	:	Audit Identification Number
AR	:	Audit Report
ARA	:	Audit Recoveries Account
ATR	:	Action Taken Report
BOC	:	Bhutan Olympic Committee
CD	:	Current Deposit
CID	:	Citizenship Identity Number
EID	:	Employee Identity Number
GCD	:	Governance Cluster Division
ISSAIs	:	International Standards of Supreme Audit Institutions
PPD	:	Policy and Planning Division
RAA	:	Royal Audit Authority

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AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE BHUTAN OLYMPIC COMMITTEE, THIMPHU FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024

Opinion

We have audited the financial statements of **Bhutan Olympic Committee, Thimphu** (LC Account No. 113.01/1001 and CD No. 100900382) which comprise of the Receipts and Payments Statement and schedules forming part of financial statements for the financial year ended 30th June 2024.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Financial Rules and Regulations 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of Bhutan Olympic Committee, Thimphu and we have fulfilled our responsibilities in accordance with the requirement outlined in *RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors*. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation of the financial statements in accordance with the Financial Rules and Regulations 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the BOC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BOC's internal control.

We communicate with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

(Tshering Yangzom)
Offtg. Assistant Auditor General
Date: **14/01/2025**

AUDIT FINDINGS AND RECOMMENDATIONS

AUDIT FINDINGS AND RECOMMENDATIONS

The Royal Audit Authority while reviewing the accounting records, internal controls and operations of the Bhutan Olympic Committee, Thimphu observed certain deficiencies and lapses as detailed under **Part I** of the report.

PART I: DEFICIENCIES & LAPSES

The deficiencies and lapses observed in the audit of the Bhutan Olympic Committee, Thimphu were as discussed below:

Bhutan Olympic Committee

1. Irregularities noted in renovation/maintenance of the Shooting Range following construction completion – Nu. 7,760,979.23

The Repairs and Maintenance work of the Shooting Range at Rama, Thimphu was awarded to M/s Phuntsho Paljor Builders with the following details:

- Name of the Contractor: M/s Phuntsho Paljor Builders
- Initial Contract Amount: Nu. 1,700,000.00
- Final Contract Amount: Nu. 7,760,979.23
- Work Order No: BOC/PMU/Shooting/2022/1139 dated 29 July, 2022
- Start Date: 8th August 2022
- Completion Date: 29th January 2023
- Handing Taking date: BoC/PMU/shooting/2003/nil dated 3/2/23
- Funding: RGoB

On review of relevant documents, including contractor bills, handing taking notes and physical verification of work, the RAA noted the following discrepancies:

1.1 Non-utilization of Shooting Range after completion of the project (7.2.28)

The Shooting Range was completed and handed over to BOC in January 2023, at a total cost of Nu. 32,398,897.49, funded by the Government of India. However, it was noted that before the facility could be inaugurated and made operational, significant cracks and damages appeared in the building and its auxiliary facilities. Thus, necessitating extensive maintenance just over a year and a half after construction, costing Nu. 7,760,979.23 for renovation which is over 24% of the initial contract value.

The significant recurrent maintenance expenditures observed on-site was due to the following:

- The maintenance costs were mainly incurred due to construction of partial structure on filled-up land, despite stable ground being available above. The building designer and site engineer failed to assess the stability and load-bearing capacity of the filled area, compromising the structure's safety and integrity. This oversight in evaluating soil settlement, compaction, and potential differential settlement appears to be the root cause of the cracks in the structure.

- A major financial loss occurred due to water damage to electrical items, with replacement costs amounting Nu. 1,701,355.74, which represented nearly 100% of the original investment of Nu. 1,871,950.00.

Despite the substantial investment in the project and its subsequent renovations, the shooting office has not been relocated to the newly constructed and renovated building. Thus, the facility remained idle and under-utilized by the Federation.

Therefore, the non-utilization of the shooting range, despite an investment for renovations, along with the provision of transportation facilities, must be justified.

Auditee's Response:

The RAA has highlighted concerns regarding the non-utilization of the completed project and also expressing apprehension about potential risks despite substantial maintenance expenses. We would like to provide the following clarifications in response to these concerns:

Acknowledging the RAA's observation about the loose soil on the north side of the structure, we affirm that precautions were taken during the foundation construction. Specifically, the foundation of the columns in that area was extended one storey deep to mitigate the risk associated with loose soil. This strategic decision prevented structural failure during the heavy rainfall in the 2020 monsoon, averting potential damage.

Initially, the construction adhered to the master plan. However, technical challenges arose after earth excavation, leading to a shift in the building's position by 20 meters from the original plan. This adjustment was made to avoid complications and ensure structural integrity. Despite this, certain column foundations still extended into steep gorges, necessitating a further shift of 13 meters. These adjustments were duly recorded in the site instruction book for reference.

The construction, completed in November 2018, was officially taken over by management in January 2019. Subsequently, the facility was handed over to the sports federation, which faced challenges in utilization due to insufficient shooting equipment. The building remained idle until heavy rainfall in 2020 caused water ingress, resulting in damages. Prompt action was taken by the management to assess and address the situation, incorporating retrofitting where necessary. Mitigation measures, including excavation works, retention walls and water drainage, were implemented to prevent surface water entry.

Significant expenditures were incurred for electrical works due to damage from a short circuit in the main distribution box. Expert advice during the renovation prompted the replacement of the entire electrical system. Additionally, realignment of the main power supply, mandated by the removal of the nearby HM's premises pole, contributed to the overall renovation costs.

We therefore would like to submit that the building is now structurally stable, and comprehensive mitigation measures have been implemented to prevent future damages. In *regards to the occupation and utilization of the facility, the management has handed over the completed structure to the federation for use and operation.*

After the handover, the federation started using it after performing Lhapsang Thruesel. During the setup, the Shooting Federation and the Bhutan Cricket Council Board signed MoU to collaborate each other in the development activities. The BCCB was allotted about Nu.650 million funding support through the PTA GOI to establish International Cricket Stadium in the country. Since the project being so huge, there was a discussion to expand facilities for the shooting Federation as well. Further, it was also discussed that the existing range will be modified aesthetically to blend with the new cricket stadium. The cost for these activities was already included in the above projects.

In light of the above, the Shooting Federation could not shift as desired, as the project may begin soon. However, we are informed that the facility will be utilize after confirming on the start of the main project.

RAA's Further Comments & Recommendations:

The response of the management is noted. While the renovation work and mitigation measures appear to have addressed structural concerns, including water ingress and electrical damage, the facility remains idle, undermining the value of these investments. This prolonged inactivity raises concerns about both the facility's physical condition and its operational deployment, with the potential for further damage if immediate actions are not initiated.

Furthermore, the plans for collaboration with the Bhutan Cricket Council Board and modifications to the facility to align with the new cricket stadium does not justify the continued idleness of the facility. Considering the significant public funds already invested, the facility should have been fully operational or at least partially used while these plans were being developed. The procurement of a TATA Winger bus, which has further added to the overall expenditure, is undermined by the lack of facility usage.

For a large facility entailing huge investment, expenditure for construction and renovations with associated cost incurred thus far have not served the purpose and there is also no guarantee that facility would be utilized until a new cricket stadium project is started. Thus, the government has not been able to realize Value For Money for the resource spent on the shooting range facility.

As discussed in the Audit Exit Meeting, the Bhutan Olympic Committee and the BSF should follow up with the Bhutan Cricket Council Board (BCCB) to confirm the start of the new International Cricket Stadium project, and any modifications to the existing shooting range structure to integrate it with the new cricket stadium so as to avoid further delays in utilizing the facility. Accordingly, the BOC should provide a revised response to RAA, including an update on the follow-up with BCCB, along with a clear and actionable plan for the immediate and effective use of the Shooting Range, ensuring it is fully operational and serves its intended purpose.

In order to avoid similar issues, the BOC and BTF should come up with the concrete plan/strategies for use of the any future sports infrastructures to avoid the underutilization of structures.

Who is Accountable?

Direct Accountability ***:*** *Sanjay Pradhan, Project Engineer, CID No. 212****0860*

Supervisory Accountability ***:*** *Kinley Tshering, Project Manager, CID No. 119****0773*

1.2 Defective works (2.2.60)

The joint physical verification conducted on 5/9/24 & 8/9/24 along with the site engineer revealed defective works and other irregularities as shown in the following pictorial evidences:

Photo 1

Photo 2

Photo 1 & 2 showing PCC rectified after renovation

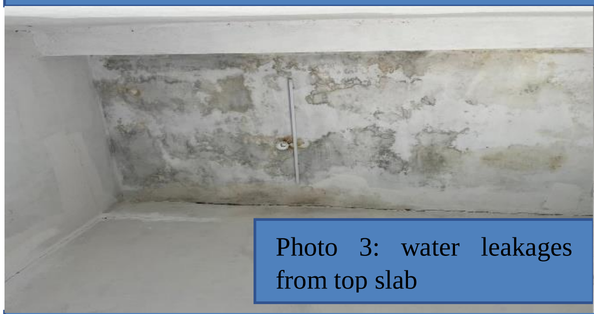

Photo 3: water leakages from top slab

Photo 4: Replaced ceiling board again damaged due to water seepage

Photos 3 & 4 shows damaged ceiling board and wall due to seepage of water from slab indicating defective PCC work

Photo 5: new toilet pot broken before utilization

Photo 6: CVC water pipe exposed & waste materials not disposed by contractor

Further, an amount of Nu.570,900.00 (1903sqm*Nu.300.00) for P/A finishing coats acrylic washable distemper, one coat on old work was paid to the contractor. However, the RAA noted execution of inferior quality and poor workmanship as shown in the photograph below:

The BoC management should furnish justification for execution and taking over the sites without observing such substandard work.

Auditee's Response:

The RAA pointed out some defective works. In response, we would like to clarify that at the time of taking over from the contractor, the facility was in good condition. However, after it was handed over to the federation, the facility was not utilized, and no one was assigned to maintain it, which led to its deterioration.

Regarding the concern about the use of inferior quality paint, we wish to clarify that due to budget constraints, we did not repaint the entire walls during the rectification process. Only the affected areas were repainted. The difference in colour between the new and old sections gave the impression that inferior quality paint was used. While the contractor attempted to match the new paint with the old, the original colour had faded over time due to exposure to the elements, making an exact match difficult.

RAA's Further Comments & Recommendations:

The response of the management is noted. However, it is to be noted that works could not be deteriorated to the extent within one year period had it not been inadequacies in verification at the time of taking over.

Therefore, as agreed in the Audit Exit Meeting, the management should direct the concerned contractor to rectify the defective works at the earliest and accordingly submit rectification report along with pictorial evidences duly endorsed by an appropriate committee to RAA for verification.

Further, the BOC should ensure reinforce its internal controls in verification of the completed works and furnish evidence of having initiated corrective measures to RAA

Who is Accountable?

Direct Accountability **:** *Sanjay Pradhan, Project Engineer, CID No. 212****0860*

Supervisory Accountability **:** *Kinley Tshering, Project Manager, CID No. 119****0773*

1.3 Payment for non-execution of excavation works – Nu. 202,580.00 (2.2.64)

The BoQ specification describes *"Hand excavation and refilling in layers < 200mm, of trenches for pipes & sockets, cables, including dressing of sides/ ramming of bottom, depth upto 1.5m, disposal of surplus material within lead of 50m: All kinds of soil Pipes, cables etc. 80mm < dia < 300mm".*

During the joint physical verification conducted on 29/08/2024 by the audit team and the site engineer, it was observed that the HDPE pipes running from the water source to the shooting range was not properly excavated and covered. While a few meters was excavated, the work had not been completed according to the specified standards. However, the contractor was paid Nu. 202,580.00 for 1447 meters at Nu.140 without actually executing the work at site.

Therefore, the management should provide justification on payment made for work not executed at site.

Auditee's Response:

During the physical verification of the water pipe layout from the source, the RAA observed that the work did not comply with the required specifications. In this regard, we would like to acknowledge that this issue arose due to a lack of due diligence by the site engineer during the joint measurement. As a result, we will recover the overpaid amount and deposit it with the ARA as directed. Once the deposit is made, the management will submit the evidence to the audit for reference.

RAA's Further Comments & Recommendations:

While acknowledging the prompt action from the BOC management and it is to reiterate that a thorough verification of the works delivered is necessary to regulate the payment

As discussed during the Audit Exit Meeting, the BOC should recover the amount of Nu. 202,580.00 and deposit into Audit Recoveries Account (ARA) within one month from the date of issue of this report, beyond which penalty @24% per annum shall be levied as per Section 55(21) of the Audit Act of Bhutan 2018. The official responsible must be cautioned for the lapses.

Further, the BOC should strengthen internal control mechanism to ensure that the claims are verified properly to avoid such lapses in future and furnish evidence of having initiated such measures to RAA.

Who is Accountable?

Direct Accountability **:** *Sanjay Pradhan, Project Engineer, CID No. 212****0860*

Supervisory Accountability ***:*** *Kinley Tshering, Project Manager, CID No. 119****0773*

1.4 Non-execution of HDPE pipe work as per specification (2.2.51)

The major maintenance work also involved the re-laying of HDPE pipe from water source to the office, which was initially executed by the previous contractor at a total cost of Nu. 94,902.55. According to discussions with the engineer, the pipes were stolen and damaged, necessitating a complete replacement of the entire length.

The BoQ specification outlines the requirement for **"***Providing & laying H.D.P.E pipes, 12.5 PN, including H.D.P.E fittings (excluding trenching, refilling & thrust block) 32mm*".

During the joint physical verification of water pipe line on 08/09/2024, conducted alongside the site engineer and audit team, it was found that HDPE pipes of various sizes were laid at the site, rather than the specified 32mm, as shown in Table 1 below:

Table 1: Details of pipe laid at the site

Item Code	Description	Unit	Qty. executed at site
PO0642	Providing & laying H.D.P.E pipes, 12.5 PN, including H.D.P.E fittings (excluding trenching, refilling & thrust block) 32mm	m	941.50
	25MM HDPE pipe	M	344.50
	20MM HDPE pipe	M	161.00
	TOTAL	**M**	**1,447.00**

However, the payment for HDPE pipes was incorrectly processed for 32mm specification for the entire length. The RAA is of the view that execution of HDPE pipe 25mm, running 344.5 meters, likely consisted of old pipes showing signs of wear, while 32mm and 20mm pipes installed appeared very new as noted during the site visit.

Accepting the work despite deviations from the specifications and making payments at the same rates, even though lower-specification materials were used, was irregular.

Therefore, the BOC management should rectify the works as per specification besides providing justifications for accepting the use of lower specification HDPE pipe.

Auditee's Response:

During the site verification, the RAA noted that the work was not executed in compliance with the required specifications. In response, the management will rectify the issues and submit a report to the RAA, including pictorial evidence for reference and further action.

RAA's Further Comments & Recommendations:

The assurance of the management to initiate rectification is noted. It is to be noted that proper verification of the completed works could have prevented such lapses.

As agreed during the Audit Exit Meeting, the BOC should initiate rectification of the works and furnish rectification report along with pictorial evidences duly endorsed by an appropriate committee to RAA for review. Failure to do so shall result in recovery of equivalent amount which should deposited into the Audit Recoveries Account within one month from the date of issue of this report, beyond which penalty @ 24% per annum will be levied as per Section 55(21) of the Audit Act of Bhutan 2018.

Further, the BOC should strengthen internal control mechanism to ensure that the works are executed as per BOQ requirement and claims are verified properly to avoid such lapses in future. The evidence of having initiated such corrective measures should be furnished to RAA.

Who is Accountable?

Direct Accountability ***:*** *Sanjay Pradhan, Project Engineer, CID No. 212****0860*

Supervisory Accountability ***:*** *Kinley Tshering, Project Manager, CID No. 119****0773*

1.5 Excess payment to the contractor – Nu. 305,042.89 (2.2.16)

On verification of the final bill payment vis-à-vis joint physical verification conducted on 05/09/2024 & 08/09/2024, the RAA noted that excess payment of Nu. 305,042.89 was made as shown in Table No. 2 below and detailed in **Appendix A.**

Table No. 2: Details of excess payment to the contractor due to difference in quantity of work executed

Sl. No.	Item	Unit	Qty. paid	Qty. executed at site	Diff. (Qty.)	Rate (Nu.)	Amount (Nu.)
3	Demolition of RRM including stacking useful materials & disposal of rubbish within 50 m lead.	1	11.6	0	11.60	847.50	9,831.00
4	Providing and laying in position plain cement concrete excluding the cost of centering and shuttering - All work upto plinth level.	cum	50.1	0.00	50.10	4,000.00	200,400.00
6	Providing and laying in position plain cement concrete excluding the cost of centering and shuttering - All work upto plinth level. 1:2:4	cum	120.17	107.14	13.03	6,554.20	85,376.69
7	Providing & fixing white vitreous china washbasin including C.I brackets, 15mm C.P.brass pillartaps ,c.p.chain & rubberplug, 32mm pvc waste, 32mm dia. trap & union, repair walls	each	6	4.00	2.00	4,717.60	9,435.20
	Total Amount (Nu.)						**305,042.89**

Therefore, the management should furnish justifications for the lapses besides recovering the amount of Nu. 305,042.89 and depositing into Audit Recoveries Account.

Auditee's Response:

The RAA has highlighted an excess payment made to the contractor due to discrepancies between the actual work executed and the payments made. We would like to clarify that while some items were overpaid, others need to be recalculated to accurately determine the excess. Any excess payments identified will be recovered and deposited with the ARA. A report, along with supporting evidence, will be submitted to the audit for review.

RAA's Further Comments & Recommendations:

The response of the management is noted. It is to reiterate that significant portion of payment made were on account of works not executed at site, indicating lapses in the verification of the bills.

Therefore, the management should recover the excess payment of Nu. 305,042.89 and deposit into Audit Recoveries Account within one month from the date of issue of this report beyond which penalty @ 24% per annum shall be levied as per the Section 55(21) of the Audit Act of Bhutan 2018. Besides, the BOC should caution the responsible officials for failing their responsibilities. The RAA insists for appropriate administrative actions on the officials responsible.

Further, the Bhutan Olympic Committee should strengthen internal control mechanism to ensure that the claims are verified properly to avoid such lapses in future. The evidence of corrective measures being initiated should be furnished to RAA.

Who is Accountable?

Direct Accountability **:** *Sanjay Pradhan, Project Engineer, CID No. 212****0860*
M/s Phuntsho Paljor Buliders, CDB No. 7074

Supervisory Accountability **:** *Kinley Tshering, Project Manager, CID No. 119****0773*

1.6 Payment of lump sum amount to the contractor without rate analysis – Nu. 450,000.00 (2.2.18)

As per the final bill, an amount of Nu. 450,000.00 was found paid for providing & fixing aluminum toilet walls and partitions with handles for people with disabilities. According to the site engineer, the contractor had verbally agreed to complete the work for a lump sum of Nu. 450,000.00, and payment was made accordingly.

However, the RAA observed that necessary procedures such as approval from the competent authority, submission of detailed drawing, rate analysis and rate negotiation were not followed.

Therefore, the payment of lumpsum amount of Nu. 450,000.00 without completing and adhering to these processes was not justifiable. Further, the management should measure the work done at sites and workout the payable amount by analyzing at market rates and any difference should be recoverable from the contractor.

Auditee's Response:

The RAA has noted that a lump sum payment was made for aluminum works and other minor items without following the due process, which the audit cannot overlook. In this regard, we would like to clarify that during the preparation of the BOQ, these items were included on a lump sum basis to account for any measurement uncertainties and to prevent potential cost escalations. Accordingly, the committee was apprised and accorded the approval.

RAA's Further Comments & Recommendations:

The justification provide is noted. However, it is to reiterate that the payment for new items were not analyzed. As such the RAA fails to understand as to how the rates were approved without this analysis.

As decided in the Audit Exit Meeting, the management must furnish the detailed working of the rates determined for further review by RAA. The extent of recovery will depend on further review of the rates based on the information provided by the management.

The management must ensure proper review system of rate analysis following the due procedures for new item of work to avoid the occurrence of similar lapses in future. The evidence of corrective measures being initiated should be furnished to RAA.

Who is Accountable?

Direct Accountability *: Sanjay Pradhan, Project Engineer, CID No. 212****0860*
M/s Phuntsho Paljor Buliders, CDB No. 7074
Supervisory Accountability *: Kinley Tshering, Project Manager, CID No. 119****0773*

2. Irregularities in collection of rent and leasing of properties

The property at Changlimethang Stadium owned by Bhutan Olympic Committee was initially leased out to the following tenants as provided in Table No.3.

Table No. 3: Details of tenants leased out by the BOC

Sl. No.	Tenants	Lease Date	Property Allotted	Monthly Rental Amount (Nu.)	Reference
1	M/s Future Film	18/04/2018	Room No. 6	6,210.00	BOC/PMU/Stadium/2018/685
2	M/s Tashi Samphel Handicraft	18/04/2018	Room No. 1	25,000.00	BOC/PMU/Stadium/2018/683

3	M/s Jigme Dorji Construction Private Limited	18/04/2018	Room No. 5	Nu. 7,200.00	BOC/PMU/Stadium/2018/686
4	M/s Print-Tech	18/04/2018	Room No. 4	Nu. 9,800.00	BOC/PMU/Stadium/2018/682
			Room No. 7	Nu. 6,400.00	
5	M/s Fine Arts and Rubber Stamps	18/04/2018	Room No. 2	Nu. 8,400.00	BOC/PMU/Stadium/2018/684
			Room No. 3	Nu. 8,400.00	
			Room No. 8	Nu. 8,400.00	
			Room No. 9	Nu. 8,400.00	
6	M/s Woezer Events	01/03/2018	2,252.50 sq.ft	Nu. 29,282.50	Tenancy Agreement signed on 1st March, 2018

On review of relevant documents, the RAA noted the following:

2.1 Non-collection of rent – Nu. 509,757.84 (1.2.32)

According to the Tenancy Agreement, clause 1 states, *'The Lessee shall pay the Lesser (BOC) by way of rent latest by 5th of every succeeding month. Failure to pay on time shall be liable for a penalty of @ 24% per annum i.e., 2% per month on the monthly amount…'*

On review of rental collection records, it was found that the Bhutan Olympic Committee had not collected the rent totaling Nu. 408,348.00 and the applicable penalty amounting to Nu. 101,409.84 for the fiscal year 2023-2024 from the tenants as shown in Table No. 4.

Table No. 4: Details of outstanding rental amount including penalties

Sl. No.	Tenants	Outstanding Months	Outstanding Amount (Nu.)	Penalty @ 2%	Penalty liable (Nu.)	Total Outstanding Amount (Nu.)
1	M/s Woezer Events	9 months	268,812.00	18%	48,386.16	317,198.16
2	M/s JD Construction	19 months	139,536.00	38%	53,023.68	192,559.68
	TOTAL		**408,348.00**		**101,409.84**	**509,757.84**

Further, the clause 18 of Tenancy Agreement stipulates, *'If the rent is not paid for a maximum period of two months, then Lessor shall have the right to terminate the agreement and evict the tenant by providing notice of 1 month in advance. In such circumstances, a penalty fine shall be levied as per existing Rules.'*

However, outstanding rental records revealed that the Bhutan Olympic Committee has failed to collect monthly rent for more than two months ranging from nine months to 19 months. Thus, depicting non-adherence to agreement on termination of the agreement in such cases and allowing the tenants leniency in making rental payments.

Therefore, the management should provide the justifications for non-collection of rent as per the tenancy agreement, besides collect the outstanding rental amount including a penalty of Nu. 509,757.84.

Auditee's Response:

The RAA has pointed out that the BOC has failed to collect monthly rent from the two tenants aggregating to Nu.404,348 for FY 2023-2024. As directed, we have intimated the respective tenants to clear the dues vide letter no. BOC/PMU/NS/Rental/2024/ 1347 & 1348 dated 3rd October 2024. A copy of letter is attached for reference. Hence, as soon as the rent is deposited, we will report to the RAA for information with evidence.

RAA's Further Comments & Recommendations:

While the justification is noted, it is to restate that BOC has failed to comply with the tenancy agreement on collection of rent on time and levy penalties for late deposits of rental amount.

Hence, as agreed in the audit exit meeting, the management should collect the outstanding rental amount of Nu. 509,757.84 and intimate RAA along with related evidence. Failure to collect within one month from the date of issue of the report, penalty @ 24% per annum shall be levied as per the Section 55(21) of the Audit Act of Bhutan 2018.

Further, the BOC should ensure collection of rent on time and levy of penalties as per the tenancy agreement to avoid the similar lapses henceforth.

Who is Accountable?

Direct Accountability : *Sonam Tshewang, Finance Officer, CID No. 108*****0536*

Supervisory Accountability : *Kinley Tshering, Project Manager, CID No. 119****0773*

2.2 Non-ratification of Tenancy Agreement (7.2.40)

As per the rental documents provided to audit team, Bhutan Olympic Committee has been leasing properties at Changlimethang Stadium to the following tenants since 2018:

Sl. No.	Tenants	Lease Date
1	M/s Future Film	18/04/2018
2	M/s Tashi Samphel Handicraft	18/04/2018
3	M/s Jigme Dorji Construction Private Limited	18/04/2018
4	M/s Print-Tech	18/04/2018
5	M/s Fine Arts and Rubber Stamps	18/04/2018
6	M/s Woezer Events	01/03/2018

Further, it was noted that the following tenants are currently occupying the properties as listed in the Table No.5:

Table No.5: Tenants details currently occupying the properties			
Sl. No.	**Tenants**	**Lease Date**	**Rental Amount (Nu.)**
1	M/s Bhutan Safety		6,210.00

2	M/s Karma Arts		7,000.00
3	M/s Print Tech	18/04/2018	29,260.00
4	M/s Jigme Dorji Construction Private Limited	18/04/2018	7,200.00
5	M/s Woezer Events	01/03/2018	29,292.00

The review revealed that M/s Bhutan Safety and M/s Karma Arts shown above in Sl. No. 1 & 2, as new tenants, occupied properties without signed tenancy agreements or the required two-month security deposit.

Additionally, the Bhutan Olympic Committee failed to renew tenancy agreements with three tenants reflected above in Sl. No. 3,4 & 5 since their initial occupancy in 2018. This failure to renew agreements resulted in the rent not being revised since 2018, leading to financial implications, which is highlighted in subsequent observation.

Therefore, the management should provide justifications for failure to formalize the tenancy agreement with new tenants and for non-renewal of tenancy agreement stated above.

Auditee's Response:

The RAA raised concerns regarding the non-execution and renewal of tenancy agreements with tenants. We would like to clarify that during the pandemic, we had to waive rent for three times, and it was not feasible to renew agreements as many tenants were unable to resume their businesses. If we are to terminate the agreement, we would have lost the revenue, as there is no proposal from any one to occupy the space at that time.

As the lease agreements for all tenants have now expired, we are in the process of renewing them if they choose to continue their tenancy. Once the tenancy agreements are finalized and executed, we will submit a report to the RAA, along with copies of the agreements, for their reference.

RAA's Further Comments & Recommendations:

The RAA reiterates that the Bhutan Olympic Committee has failed to follow proper procedures in leasing properties, resulting in the non-execution of tenancy agreements. In addition, non-renewal of tenancy agreement with existing and old occupants has also caused stagnant rent and issues with rent revision, leading to financial implications.

As discussed during audit exit meeting, the BOC should formalize the tenancy agreements with all new and existing tenants and furnish the report to RAA, along with copies of the agreements for further review.

Further, the BOC should strengthen the internal control mechanism to ensure timely execution and renewal of tenancy agreements to avoid such lapses in future.

Who is Accountable?

Direct Accountability **:** *Kinley Tshering, Project Manager, CID No. 119****0773*

Supervisory Accountability **:** *Kinley Tshering, Project Manager, CID No. 119****0773*

2.3 Loss of rental revenue due to non-revision of rent – Nu. 466,680.21 (1.2.85)

The clause 23 of Tenancy Agreement provides that *'Unless otherwise intimated to the tenants on the contrary, the rent of the commercial units may be revised as per the provision of the Tenancy Act of Kingdom of Bhutan or any other rules/regulations/order of the government.'*

The Tenancy Act of Bhutan 2015, Section 25 states, *'The owner shall not increase the rent before two years from the day on which a tenant occupies the house' and, Section 26 states, 'The increment of rent shall not exceed 10% of the monthly rent.'*

The properties at Changlimethang Stadium were rented to the following tenants since 01/03/2018 and 18/04/2018:

Sl. No.	Tenants	Lease Date
1	M/s Future Film	18/04/2018
2	M/s Tashi Samphel Handicraft	18/04/2018
3	M/s Jigme Dorji Construction Private Limited	18/04/2018
4	M/s Print-Tech	18/04/2018
5	M/s Fine Arts and Rubber Stamps	18/04/2018
6	M/s Woezer Events	01/03/2018

However, the review of rental collection details during FY 2023-2024 observed that the Bhutan Olympic Committee has not revised the rent since 2018. The failure to revise the rent has resulted in loss of rental revenue accumulating to Nu. 466,680.21 detailed in **Appendix B.**

Therefore, the Bhutan Olympic Committee should provide justifications besides revision of rent as per the Tenancy Act of Bhutan 2015 under intimation to RAA.

Auditee's Response:

The RAA raised concerns about the loss of revenue due to the non-revision of rents. We would like to clarify that rent revisions for all old tenants were implemented immediately after the pandemic, effective from April 2021 to March 2023.

As mentioned, we are currently in the process of renewing the tenancy agreements. Once the agreements are finalized and executed, we will submit a report to the RAA, along with copies of the agreements, for their information.

RAA's Further Comments & Recommendations:

While noting the response, the RAA reiterates that the Bhutan Olympic Committee has not complied with Tenancy Act of Bhutan and tenancy agreement which specifies on the rent revision, resulting to loss of revenue.

As discussed during audit exit meeting, the BOC should formalize the tenancy agreements with all new and existing tenants and furnish the report to RAA, along with copies of the agreements for further review.

Further, the BOC should strengthen the internal control mechanism and comply with revision of rent as per the provision of the Tenancy Act of Kingdom of Bhutan to avoid revenue loss in future.

Who is Accountable?

Direct Accountability ***:*** *Kinley Tshering, Project Manager, CID No. 119****0773*

Supervisory Accountability ***:*** *Kinley Tshering, Project Manager, CID No. 119****0773*

Bhutan Badminton Federation

3. Non-collection of the Badminton Membership Fees – Nu. 33,000.00 (1.2.32)

The Bhutan Badminton Federation currently has twenty-eight (28) permanent members. Over the years, number of members has significantly decreased according to historical records. The membership fees are collected based on the duration of membership and agreements between the Federation and its members. The exact fee structure for membership is mentioned below:

- *Yearly: Nu. 6000/-*
- *Half-Yearly: Nu. 4500/-*
- *Monthly: Nu.1000/-*
- *Walk-In/Daily: Nu.100/- (per person, per entry)*

The agreement stipulates that *'Memberships are to be paid in full for any kind of membership schemes and all payments are to be made electronically.'*

While reviewing the membership fee collections from existing members, it was found that there is an outstanding balance of Nu. 33,000.00 from the members.

Therefore, the Bhutan Badminton Federation should realize the outstanding amount from the above members at the earliest and intimate to the RAA accordingly.

Auditee's Response:

One of the key reasons for the non-collection of membership fees was the absence of a dedicated accountant to oversee and manage the day-to-day financial transactions, including the collection and tracking of fees. Without a regular accountant, the federation faced challenges in maintaining consistent follow-ups and proper financial records, leading to delays and gaps in fee collection.

To address this issue, the federation has assigned the role to one of our staff to take on this responsibility until we recruit the Accounts Officer. His role will include ensuring the timely collection of membership fees. In addition, reminders have already been sent to the members with outstanding dues to facilitate the recovery of the pending amount. The receipt of the payment shall be shared with Audit after we receive the payment for the membership due.

With a role assigned to one of our coaches, the federation is committed to implementing improved procedures for monitoring membership payments. These measures will include timely reminders to members and stricter enforcement of payment deadlines, aimed at preventing similar issues in the future.

RAA's Further Comments & Recommendations:

While acknowledging the prompt action from the Bhutan Olympic Committee, it is to reiterate that the lapses have occurred due to failure to abide by the membership agreement, indicating weakness in the internal control system in place.

Therefore, as agreed in the audit exit meeting, the federation should recover an outstanding balance fee amount of Nu. 33,000.00 and furnish the receipt of the payment to the RAA for further review.

Further, the Federation should strengthen internal control system and ensure timely deposit of membership fees as per the agreements to avoid similar lapses henceforth.

Who is Accountable?

Direct Accountability ***:*** *Kinley Tshering, General Secretary, CID No. 119****0773*

Supervisory Accountability ***:*** *Kinley Tshering, General Secretary, CID No. 119****00773*

Bhutan Tennis Federation

4. Payment made for non-execution of work – Nu. 97,015.00 (2.2.64)

The construction of Youth hostel building at Changlimethang, Thimphu was awarded to M/s P.D Bumzang holding CDB No. 6317 with following contract details:

Name of the work	: Youth Hostel Building Construction
Name of the Contractor	: M/s P.D Bumzang
CBD Number	: 6317

Year of Award	: 2024
Contract Amount	: 8,375,470.75
Final Amount	: 8,375,470.75
Work Start Date	: 6th February, 2024
Work End Date	: 5th October, 2024
Project Status	: Not completed

On review of the contractor's bill payments vis-à-vis joint measurement at construction site on 03/09/2024 by audit team and site engineer, it revealed that the contractor was paid for works not executed at site. The payment of Nu. 97,015.00 for providing and fixing granite through the Veranda passages was made in the 3rd running bill. The details of payment is computed in Table No.7 below:

Table No. 7: Payment for non-execution of work

Item Code	Description of Item	Qty.	Unit	Rate	Amount
55	P&F 20mm thick epoxy finished granite in counter & first floor passage				
	Veranda passage	29.40	Sq.m	2,800.00	82,320.00
56	P&F 20mm thick epoxy finished granite in counter & first floor passage				
	Veranda passage skirting	29.39	Meter	500.00	14,695.00
	Total Amount (Nu.)				**97,015.00**

Therefore, the Bhutan Tennis Federation should provide justifications on payment made for quantity of work not executed, besides recovering or adjusting from the subsequent running bills and intimate to the RAA.

Auditee's Response:

The BTF makes the running bill based on the Measurement Book being verified by the Site Engineer. The details of the bill are recorded in the measurement book and payment was made only after receiving approval from the site engineer.

We acknowledge that the discrepancies may have been an oversight and were not intentional. As the project is still ongoing, we will ensure that the discrepancies identified are promptly adjusted in the next running bill. Moving forward, we will exercise greater vigilance to prevent such issues from occurring again.

RAA's Further Comments & Recommendations:

The lapses had occurred due to negligence of the Site engineer while verifying the contractor's bills and certifying it for payment without verifying actual work executed at site.

Therefore, as assured by the management during the audit exit meeting, the amount of Nu. 97,015.00 should be adjusted from the subsequent running bill of the contractor and submit a report on the action taken to RAA for further review.

Further, the Federation should strengthen internal control mechanism to ensure that the claims are verified properly to avoid such lapses in future. Recurrence of similar lapses in future would entail appropriate administrative action against the individuals concerned.

Who is Accountable?

Direct Accountability	***:*** *Sanjay Pradhan, Project Engineer, CID No. 212****00860* *M/s PD Buzang Construction, CDB No. 6317*
Supervisory Accountability	***:*** *Sonam Yangchen, General Secretary, CID No. 119****1655*

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PART II: MANAGEMENT APPRAISAL REPORT

This part contains audit memos/observations that are resolved based on the compliances assured to institute necessary controls or remedies by the management. It also includes those audit memos/observations resolved in view of recoveries made, replies and related supporting documents and evidences furnished, for future reference.

1. Non-constitution of committee for handing-taking of the completed work

Ideally, a handing-taking committee is formed, consisting of the Engineer Head, representatives from the Finance and Administration Sections, and the relevant Division/Section head, to oversee the completion of the work. A handing-taking note is then prepared and signed by all committee members, confirming their acceptance of the work. Any defects identified during the inspection are also documented in the report for immediate rectification.

However, it was observed that the handover of the renovation work of Rama shooting range was done only between the contractor and the site engineer as evident from the Handing-Taking Note No. BoC/PMU/Shooting/2023/nil dated 03/02/2023. The absence of the full handing-taking committee has resulted to issues such as the acceptance of defective work, payments for work not executed and excess payment.

The BoC management should provide justification for not constituting the handing-taking committee of representatives from various divisions and sections to take over completed works.

Auditee's Response:

The RAA highlighted that the non-taking of the work by the committee members after completion of the renovation works resulted in acceptances of defective work and over payment. In this regard, we would like to clarify that after the completion of any project, the initial taking over of the completed project is done between the project team and the contractor. The final handing taking takes place during the inauguration of the facility comprising of all the members.

The memo was treated as settled:

Based on the assurance provided by the management that form a proper handing-taking committee to oversee and takeover the works after completion henceforth.

***Compliance to be made by Management*:**

The final handing taking of works should be carried out before the inauguration of the facility by forming an appropriate handing-taking committee. The compliance to assurance provided will be reviewed in next audit.

2. Non-inviting of tenders and quotations

Procurement Rules and Regulation 2023, Chapter 4- Thresholds, Methods and Processes and sub-clause 4.1.1.2 specifies, 'The threshold levels for application of appropriate competitive procurement method are as follows.'

Type	Open Tender/Bidding	Limited Tender	Direct Contracting
Works	Above Nu. 15,000,000	Above Nu. 10,000,000 and up to Nu. 15,000,000	Up to Nu. 10,000,000
Goods	Above Nu. 1,000,000	Above Nu. 50,000 and up to Nu. 1,000,000	Up to Nu. 50,000.00

However, the audit team on reviewing of payment vouchers noted direct procurement of work and goods which exceeded the threshold level as detailed in Table No.1 below:

Table No.1: Details of direct procurement of work and good			
Voucher No. & Date	**Amount (Nu.)**	**Remarks**	**Works executed by**
Nil	442,500.00	Bhutan International Marathon	M/s Woezer Events Pvt Ltd
12.61 dated 29/12/23	86,369.00	Hire charges of tents, sound system chairs and preparation of stages	M/s Woezer Events Pvt Ltd
10.51 dated 25/10/23	68,600.00	Hire of led wall, stage platform sound system, table mic and banquet chair for AGM on 16/7/23	M/s Woezer Events Pvt Ltd
3.26 dated 19/3/24	280,000.00	Purchase of 700 Nos. T shirts (BOC custom design) for Bhutan International Marathon on 3/3/24	M/s Drukfit Sportwear, Thimphu
11.32 dated 9/11/2023	973,242.00	Asian Games	M/s Ace Travels
3.28 dated 25/3/2024	284,721.00	Paris Games	M/s Ace Travels

Therefore, the BOC should furnish justification for non-compliance to threshold level as per the PRR 2023.

Auditee's Response:

We are responding to the preliminary observation regarding the procurement of tickets from M/s ACE Travel for the Asian and Paris Games 2024. We wish to inform you that ACE Travel was selected as our ticketing provider as per the approved note sheet dated July 3, 2023. A copy of the note is attached for your review. Given this information, we kindly request that you drop the memo.

The memo was treated as settled:

Based on the assurance provided that the Bhutan Olympic committee will adhere to procurement norms for procurement of goods and services and the MoF's notification of procuring air tickets from the online websites.

***Compliance to be made by Management*:**

The BOC should comply with the procurement norms and MoF's notifications of online purchase of air tickets. The compliance to assurance provided will be reviewed in the next audit.

3. Excess payment of retirement benefits – Nu. 30,025.00

The BCSR 2023, Clause 9.12.1.2.(i) states, *'The amount of Gratuity payable under the Rule shall be computed based on the last basic pay drawn times every completed year of service.'*

The office order no. BOC/HRD/ (04)/2012/1182 dated 14th March, 2012 appointed Jamyang Namgyal as Assistant Program Officer (P5A) with effect from 1st March, 2012. He separated on 1st May, 2024 after rendering 12 years and 2 months of service from the Bhutan Olympic Committee. However, it was found that gratuity was found paid for 13 years against the eligibility of 12 years of services.

Hence, the Bhutan Olympic Committee should recover an excess payment of Nu. 30,025.00 (excess of one-year gratuity amount) and deposit into Audit Recoveries Account.

Auditee's Response:

The excess amount paid to Mr. Jamyang Namgyel will be recovered from him and deposited into the Audit Recovery Account.

The memo was treated as settled:

Based on the recovery of excess amount of Nu. 30,025.00 deposited into ARA vide RAA/TH/2024/1910 dated 16/10/2024.

***Compliance to be made by Management*:**

The BOC should ensure that retirement benefit is properly verified before making to avoid similar lapses in the future. The compliance will be reviewed in the next audit.

4. Inadmissible payment of advance against Retirement Benefits – Nu. 450,000.00

The BCSR 2018, clause 20.4.1.4 states, *'Gratuity shall be paid to a civil servant by the Agency only upon production of an Audit and Tax Clearance Certificates confirming that the retiree has no outstanding advances or loans from financial institution to which the Agency was the guarantor.'*

Further, Notes to Form No. 20/1 states, '*This form should be accompanied by a copy of the retirement order and Last Pay Certificate. The valid Audit Clearance Certificate issued by the Royal Audit Authority which is mandatory should be verified online.'*

On review of payment voucher no. 66 dated 13/09/2023 pertaining to retirement benefit of Mr.Jigme Thinley who served as a Sr. Program Officer, it was observed that the BOC has approved his retirement benefit as advance aggregating to Nu. 450,000.00 from CDA (BOC CD Account). The advance was later adjusted from the LC Account of BOC vide DV.12.17 dated 15/12/2023.

It was noted that on 13th September 2023, he requested the management to release his retirement benefits as an advance, citing unsettled audit issues that were delaying the processing of his benefits.

However, the payment of retirement benefits as advance has provided un-due financial advantages raising concerns about non-compliance with financial norms, as it bypassed the requirement for an audit clearance certificate under BCSR 2018. Such irregular practices could set a concerning precedent, potentially leading to further deviations from standard procedures in the future.

Therefore, the management should provide justification for approving retirement benefits as an advance undermining the financial and BCSR norms and practices.

Auditee's Response:

We would like to provide the following justifications for your consideration:

1. *During the audit of BOC accounts from FY 2019 to June 2022, the audit team noted double payments to Gedu College of Business Studies and Sherubtse College. Payments were made directly to the colleges' bank accounts. While we proposed both colleges be held accountable, the audit team insisted that BOC officials be responsible. Consequently, Mr. Jigme Thinley, HRO, was held accountable for these lapses.*

2. *In response to our request for a refund of the double payment, Sherubtse College deposited Nu. 54,834.00 into the Audit Recovery Account on June 26, 2023 while Gedu College did not even respond to us, leaving Mr. Jigme still accountable and unable to obtain his audit clearance.*

3. *To alleviate the delay in processing his benefits, BOC approved Mr. Jigme's request for an advance of Nu. 450,000.00 against his retirement benefits, given that the resolution process was likely to take months. As noted by the auditors, this amount has since been recovered from his retirement benefits (voucher No. 12.17 dated December 15, 2023).*

4. *In light of these justifications, we kindly request that the memo be dropped.*

The memo was treated as settled:

Based on the justification and assurance provided during the audit exit meeting to comply with relevant norms and discontinue such inappropriate approving practice henceforth.

***Compliance to be made by Management*:**

The BOC should ensure that similar lapses are not repeated in the future besides cautioning the dealing officials. The compliance to assurance provided will be reviewed in the next audit.

5. Payment of excess baggage

The review of payments for ex-country travels performed for international games/events, revealed ambiguity in the payment for excess baggage. Notably, most of the excess baggage expenses were incurred on the return-journey, totaling Nu. 258,754.80 for FY 2023-2024.

On enquiry, the BOC officials informed that the excess baggage payments pertained to gifts, souvenirs, donations in kinds, and others items received during international events. However, the audit team noted that no separate list of official items brought along with the officials was maintained, making it impossible to ascertain the correctness of excess baggage payments.

Therefore, the management should provide justification on approval for payment of excess baggage without distinguishing between official and personal luggage.

Auditee's Response:

As per the agreement between the Bhutan Olympic Committee and athletes representing Bhutan for the 19th Asian Games, 2022 are responsible for their personal luggage and belongings, which should not exceed a maximum weight of 20 kilograms (20kg), unless additional weight is necessary due to the requirements of their sports discipline. The BOC is not liable for any expenses related to excess luggage at the airport. However, the nature of some sports requires athletes to carry competition equipment and attire, which the BOC will cover if excess baggage charges arise.

During the Asian Games, the athletes traveled with China Air, which allows only one piece of baggage weighing up to 20kg. The following details outline the payments made for excess baggage incurred for competition requirements and office items sent from partners in China and the Hangzhou Asian Games Organizing Committee:

1. ***BOC HQ Team:** The team paid **USD 171** (Nu. 14,440.95) to Druk Air for excess baggage. This was necessary to bring back gifts from the Olympic Council of Asia (OCA) and the Organizing Committee for the BOC President, along with souvenirs from the Asian Games, and 70 t-shirts and water bottles gifted by Mr. Boyi and Mrs. Xinyang Wang.*
2. ***Judo Coach (Mr. Fuki Yuki):** The coach submitted receipts from Druk Air and China Air totaling **USD 360** (Nu. 30,402) for excess baggage. This charge was incurred for bringing back judogi (uniforms) for three athletes. Each athlete had two old sets and two new sets delivered in Hangzhou.*
3. ***Shooting Team:** The shooting team incurred excess baggage and single-entry visa fees for equipment verification in Bangkok, totaling **USD 1,167** (Nu. 98,553.15) with Druk Air and China Air. The Chef de Mission (CDM) advanced **USD 1,400** in Hangzhou, as the coach had paid about **USD 700** for excess baggage upon arrival and anticipated a similar charge when returning. The coach, Ms. Kunzang Choden, submitted verified bills for **USD 1,167** and refunded the remaining **USD 233** at a rate of 84.45.*

4. ***Archery Team:*** *The archery team paid* ***USD 1,366*** *(Nu. 115,358) for excess baggage to Druk Air and China Air for transporting nine bows and arrow cases for six athletes. The three recurve archers carried two bow sets each. The CDM released an advance of* ***USD 1,600*** *in Hangzhou, with the coach, Tshering Tashi, initially paying* ***USD 800*** *for excess baggage upon arrival and expecting similar costs on the return trip. The coaches submitted verified bills totaling* ***USD 1,366*** *and refunded* ***USD 234*** *at a rate of 84.45.*

These observations highlight the financial implications of excess baggage due to the special requirements of certain sports disciplines during the Asian Games. The BOC's adherence to its policy regarding baggage allowances and its commitment to supporting athletes with necessary equipment are essential factors to consider in future arrangements.

The memo was treated as settled:

Based on the justification and assurance provided that BOC will institute a system of proper approval and payment process henceforth.

Compliance to be made by Management:

The BOC should institute a streamlined approval process to verify the legitimacy of expenses incurred by athletes and officials, along with implementing proper check system to institutionalize the payment process. The compliance to assurance provided will be reviewed in the next audit.

6. Non-implementation of e-GP system for the procurement of Works and Goods

The Electronic Procurement (e-GP) Guidelines, December 2020, clause 2.1 states, *'The e-GP system shall be used by the procuring agencies and any other public entities spending public funds for the purposes of procurement of Goods, Works and Services applying this guideline. The scope of this system is to maintain complete and up-to-date Public Procurement activities of all the implementing agencies as well as to provide fair and equal opportunities to all potential bidders/Consultants…'*

On review of the procurement process, the following BOC federations have resorted to manual tender evaluation processes instead of using eGP system as shown in Table No.2 below:

Table No. 2: Details of works awarded

Sl. No.	Name of Federations	Name of the Contractor	Amount (Nu)
1	Bhutan Taekwondo Federation	M/s EW Const. Pvt. Ltd.	105,705,107.80
2	Bhutan Tennis Federation	M/s PD Bumzang Cont. Pvt. Ltd.	8,375,473.75
3	Bhutan Amateur Atheletes Federation	M/s Phuntsho Namgyel Cont. Pvt. Ltd.	950,000.00
		Total Contract Amount	**115,030,581.55**

The objective of introducing e-GP is to improve efficiency and transparency in public procurement by streamlining the process, enhancing competitiveness, reducing human error, and providing an audit trail and access to procurement data.

In light of the above observations, the Federations should provide justifications for not complying to the eGP Guidelines 2020 in the tendering process.

Auditee's Response:

BHUTAN TENNIS FEDERATION

As explained earlier, initially the plan for the Hostel Block construction was to be a one storied structure with an estimated cost below Nu.5.00 million. The construction was to be fully funded with support from the International Tennis Federation and other donors.

2.1. Scope and Application The e-GP system shall be used by the procuring agencies and any other public entities spending public funds for the purposes of procurement of Goods, Works and Services applying this guideline

As per the definition of the Guidelines "Public funds" means any funds allocated to a Procuring Agency under a Government budget, or loan, grants and credits placed at the disposal of a Procuring Agency through the Government by the development partners or foreign states or organizations.

Since the construction of the Hostel was and is not through a government budget, the Federation chose to complete the tender process manually. There are merits from the eGP process and going forward, tendering process in the Federation will be through the eGP process.

BHUTAN AMATEUR ATHELETS FEDERATION

Since we were unaware of the e-GP system, however from now on we will take the advice of the auditor for any infra development in the future.

The memo was treated as settled:

Based on the justification and assurance provided that the federations will consult and seek BOC's expertise with regard to implementation of e-GP for tendering for regular projects and comply with the eGP Guidelines 2020 henceforth.

Compliance to be made by Management:

The BOC federations should ensure strict implementation of e-GP system and the compliance to assurance provided will be reviewed in the next audit.

7. Non-production of records on issue of badminton rackets valuing Nu. 160,841.75

On verification of the receipts vis-à-vis issuance of Badminton rackets, it was noted that significant number of rackets received in kinds were issued to the General Secretary. However, the distribution of thirty-seven (37) rackets from the General Secretary to the end beneficiaries lacked proper documentation and was not recorded in the stock register. In absence of these records, the audit could not validate the legitimacy of the further issuance by the official.

Therefore, the Badminton Federation should provide details of the missing rackets received in kind valuing Nu. 160,841.75 (Nu.3034.75 x 37 Nos.) and update the stock register accordingly.

Auditee's Response:

The 37 rackets issued to the General Secretary were further distributed to the schools as attached in the document as support for the development of players. This practice is essential for fostering positive relationships with our stakeholders, as it demonstrates our appreciation for their contributions and collaboration. However, during busy periods such as tournaments and training, we were unable to maintain a complete stock register due to the absence of a dedicated staff overseeing inventory management. While we could not record every transaction in real time, the federation has made efforts to document these issues in the issue notes to the best of our ability.

To address this challenge, we have assigned the responsibility for inventory management to one of our regular staff, who will oversee the maintenance of accurate inventory records and the distribution of equipment. His role will include conducting regular checks and updates to ensure compliance with the new procedures.

The memo was treated as settled:

Based on assurance provided and on review and confirmation of distribution records produced to RAA, and being updated in stock register by the federation.

***Compliance to be made by Management*:**

The Bhutan Badminton Federation should maintain proper inventory records and issue notes to curb similar lapses in the future. The assurance provided to maintain accurate inventory records will be reviewed in the next audit.

8. Non-disclosure of accounts balances in Receipts and Payment Statement

The Badminton Federation maintains a separate BNB saving account (No. 651955401) in addition to the CD and savings accounts with the Bank of Bhutan. During the FY 2023-2024, total payments of Nu. 720,132.60 were made against receipts of Nu. 858,751.00 from this account, leaving a closing balance of Nu. 138,618.40 as of 30th June 2024. However, these transactions were not captured in the accounts in Tally, leading to non-disclosure in the financial statements, such as receipts and payments statement.

The amount of account balances were collected through the following sources:

- *Lease rent from sport shop, canteen & combat facility*
- *Badminton membership fees and daily walk-in badminton players*

Thus, in order to present a fair financial statement, it is essential to disclose of all relevant account balances transparently. Therefore, the Federation should consolidate the financial transactions of the saving account along with the CD and saving accounts of BOB.

Auditee's Response:

The Bhutan Badminton Federation would like to clarify that the BNB account was primarily used for collecting rental fees until March of this year. However, during the Open Badminton Championship, we sought sponsorship from BNB, which prompted us to utilize the BNB account for various transactions, including walk-in players and membership fees. Prior to this, the federation did not see the need to disclose the account activity in the R&P statement, as it was exclusively used for rental income.

Moving forward, the federation acknowledges the importance of transparency and will ensure that all account activities are disclosed in the R&P statement henceforth.

The memo was treated as settled:

Based on the justification and assurance to disclose the account balances in R&P statement accurately henceforth.

***Compliance to be made by Management*:**

The account balances maintained by federation should be disclosed in the consolidated receipts and payments statement for transparency and correct reporting of financial statement. The compliance will be reviewed in the next audit.

9. Hiring of Consultancy for construction of National Tennis Centre

The contract for execution of consultancy work on the design of National Tennis Centre, Changlimethang, Thimphu was awarded directly to M/s Gandhara Designs with the following details:

- Name of the work : Design of National Tennis Centre
- Name of the Contractor : M/s Gandhara Designs
- CBD Number : 110
- Year of Award : 2023
- Contract Amount : 1,000,000.00
- Final Amount : 1,900,000.00
- Work Start Date : 24th January, 2023
- Work End Date : 25th May, 2023
- Project Status : Completed

On review of the project documents the audit engagement team observed the following lapses:

9.1 Direct award of contract to M/s Gandhara Designs

As per PRR 2023, Clause 1.1.1.1, the purpose of the provisions contained in this rule is to:

a. Ensure transparency of Government procurement through the application of standard procurement procedures;
b. Achieve uniformity of procurement procedures in the Government Agencies;
c. Achieve economy and efficiency in procurement of goods, works and services;
d. Ensure fair and equal access to the suppliers, consultants and contractors for award of contracts for supply of goods, services or works.

The scrutiny of contract documents revealed that consultancy work was directly awarded to M/s Gandhara Designs at a negotiated rate of 1,000,000.00. While this decision was discussed during the Executive Committee meeting of the Bhutan Tennis Federation on 11th December, 2022, the meeting minutes lack a clear justification for selecting M/s Gandhara Designs. The minutes only reflect the decision to negotiate the consultancy fee, without explaining the rationale behind selecting this specific firm for the work.

It was also learnt that BTF did not request assistance from the BOC, even though BOC has a technical division equipped to manage such works. However, it is noted that the supervision of ongoing construction work is being managed by BOC.

In absence of a competitive bidding process, the Bhutan Tennis Federation has failed:

- To comply with the procurement norms in hiring of consultancy services violating PRR 2019,
- Transparency in the hiring process undermining the principle of fairness and accountability,
- To ensure fair and equal access to consultants, thus depriving other prospective consultancy firms, and
- To achieve optimal contract prices, had the Federation conducted a competitive bidding process.

In view of the above lapses, the Bhutan Tennis Federation should provide justifications, beside making use of technical support experts of BOC in order to save funds in future.

Auditee's Response:

To ensure the successful redevelopment of the National Tennis Center (NTC), the ExCom recognized the critical need for a high quality design that aligns with the existing heritage structure at Changlimithang. Given the specialized nature of this project, it was essential to engage an expert with substantial experience in handling projects of this magnitude with cultural importance and significance.

After careful consideration and cognizant of the following provisions in the PRR 2019 cited below:

Under Direct Contracting Method

4.2.5.2.c. Where, for technical reasons or for reasons connected with the protection of industrial property rights, the contract may be executed by only one supplier or contractor, provided that there is no suitable substitute;

g. In case of emergency situation. An 'emergency' is a sudden unforeseen event which can result in injury, loss of life or critical damage to property or Infrastructure or economic loss. However, situations that are created by an agency through a lack of planning or risk mitigation do not constitute an emergency.

The ExCom unanimously decided to award the design contract directly to Ms Gandhara, based on the firm's extensive expertise and proven track record in delivering major projects of this scale and complexity including Royal projects. Ms Gandhara's deep understanding of architectural design, coupled with the ability to integrate contemporary requirements while respecting national heritage, made them the most suitable choice for this project.

As the old Center had to be dismantled following the unfortunate fire during the pandemic, the ExCom also recognized the need to complete the reconstruction of the Center at the earliest.

The ExCom believed that ensuring the highest standards of quality and safeguarding the integrity of such an important national site justifies the investment. The focus remains on creating an international level tennis facility that honors both the sporting and cultural heritage of Bhutan in the heritage around the Changlimithang Ground.

The Federation did not seek the technical expert support from the BOC as the technical experts of the BOC are stretched with a lot Federations.

The memo was treated as settled:

Based on the justifications furnished and assurance provided to comply with the procurement norms henceforth.

Compliance to be made by Management:

The Bhutan Tennis Federation should ensure that similar lapses are not repeated in the future. The compliance to assurance provided will be reviewed in the next audit.

9.2 Non-adherence to payment terms and conditions

The Article 6, Sub-Article 6.1.2 of Contract Agreement executed on 9th January 2023 stands, *'Fees for Architectural, Structural, Electrical and Plumbing services will be paid in 5 stages-*

i. 10% on signing of agreement
ii. 20% on approval of preliminary drawings
iii. 10% on submission of all relevant drawings for Hostel Block
iv. 30% on submission of all relevant drawings for Municipal Approval
v. 15% on completion of detailed drawings for Construction
vi. 15% on completion of Bill of Quantities and Tender/Bidding Documents.'

The details of payment made to M/s Gandhara Designs until 30th June 2024 is given in Table No. 3 below:

Table No. 3: Details of the advance payment				
Sl. No.	**Voucher No & Date**	**Voucher Amount**	**Payment Type**	**Remarks**
1	01 dated 3/04/23	300,000.00	Advance payment	• 10% on signing of agreement • 20% on submission of preliminary designs
2	06 dated 22/11/23	190,000.00	Advance payment	• 10% on submission of all relevant drawings for Hostel Block • Nu. 90,000.00 for revision of Hostel Block Design (addition of new floor)
	Total Advance (Nu.)	**490,000.00**		

On cross-verification of payment vouchers with payment terms and conditions of contract document, the following discrepancies were observed in payment process:

- ***Wrong booking of account:***
  The payment to the consultancy firm was made as an advance of Nu. 490,000.00 instead of booking as payment.
- ***Discrepancy in payment for additional work:***
  Payment of Nu. 90,000.00 for revision of hostel block design without adequate documents including award of additional work and analysis of additional fees.
- ***Non-compliance with payment conditions:***
  Payments were disbursed without obtaining the requisite drawings from M/s Gandhara Designs, thereby not adhering to the fee payment conditions stipulated in the contract.
- ***Outstanding Fees:***
  According to the contract documents, the consultancy fees should be fully paid upon completion of BOQ and tender documents. However, it was observed that 55% of fees amounting to Nu. 600,000.00 remained outstanding to M/s Gandhara Designs.

Therefore, the Bhutan Tennis Federation should provide justification for the non-compliance to the payment terms and conditions of the Contract Agreement.

Auditee's Response:

• Wrong Booking of Account: Nu.490,000. The payment of Nu.490,000 was completed in two stages:

1. *Nu.300.000 was done on April 3, 2023, and*
2. *Nu.190,000 was done on November 22, 2023.*

As the final drawing and designs are to be completed and submitted on the final payment, the initial 30% payment amounting Nu.490,000was made as an advance. The justification is to adjust the advance payment from the final payment including deduction of TDS. However, as observed by the audit team, the Federation will adjust the advance of Nu.490,000 from the next immediate payment schedule.

• Discrepancy in payment for additional work:
To optimize the space available for the benefit of the Federation, the ExCom dated 24th July, 2023 approved and minuted to add another storied to the Hostel Block for which the additional fee of Nu.90,000 was negotiated and agreed. The payment was made on the submission of the revised detailed drawing.

• Non-compliance with payment conditions;
While the Contract Agreement for the National Tennis Center building was signed on 9th January, 2023 the Tennis Federation did not pay the 10% at the time of signing the contract. However, the Tennis Federation paid the 10% and the 20% of the contract amount to Gandhara Designs upon submission of the preliminary designs on 30 March, 2023 in keeping with the payment schedule of Article 6, Sub-Article 6.1.2.

• Outstanding Fees:
As per the payment schedule, the 30% of the contract amount is to be paid once all relevant drawings for Municipal approval is submitted. As of date, the drawings are still with the Municipal authority. Once the drawings are approved by the Municipal Authority, the 30% of the contract amount will be paid to Gandhara Designs.

As per Article 2 Sub-Article 2.3.0 the consultant shall without costs to the client, make clear the intentions of the information to the Contractor either by providing further drawings, written information or by verbal instructions. It is imperative to ensure 100% payment is made before the National Tennis Center construction is completed.

With the Hostel Block Construction carried out without financial support from the Government, the Tennis Federation is currently in a dire financial situation and in this context, it is heartening to know that the Consultant is not pressurizing the Tennis Federation for meeting the payment as per the payment schedule.

The memo was treated as settled:

Based on the justification and assurance to comply with the payment terms and conditions of the contract agreement.

***Compliance to be made by Management*:**

The federation should ensure that similar lapses are not repeated in the future. The similar lapses will be reviewed in the next audit.

9.3 Non-deduction of liquidated damages - Nu. 85,837.50

The PRR 2023, Clause 6.3.4.2 (a) states, *'It should not be less than point zero five (0.05%) percent and should not be more than zero-point one (0.1%) percent for every day of delay; and*

(b) The total amount of compensation shall not exceed ten percent (10%) of the Initial Contract Price…'

As per the Article 5 of Contract Agreement specifies that *'The total time required for providing design services shall be 5 months from the day of signing of the agreement.'*

The contract agreement with M/s Gandhara Designs was signed on 9th January, 2023 and the work for design services was awarded on 24th January, 2023.

However, on review the RAA observed substantial delays in providing the final design by M/s Gandhara Designs violating condition of contract agreement. Subsequent to the delays, Bhutan Tennis Federation has failed to deduct liquidated damage of Nu. 83,837.50 as computed in Table No.4 below:

Table No. 4: Statement showing LD computation					
Sl. No.	**Total Contract Amount**	**Contract Agreement Date**	**Actual Work Completion Date**	**Total Nos. of Delays (Days)**	**Liquidated Damage @ 0.075%**
1	Nu. 1,090,000.00	09/01/2023	25/08/2023	105 days	85,837.50
	Total Liquidated Damages Amount (Nu.)				**85,837.50**

Therefore, BTF besides providing justification for non-deduction of liquidated damages of Nu. 85,837.50 for delay in completion of work as per the contract agreement and deposit in ARA.

Auditee's Response:

BTF acknowledges that the initial drawings submitted by the consultant underwent significant revisions over time. Upon receiving the preliminary drawings, BTF promptly paid 10% of the consultant's fees. However, after learning that securing international funding for a project of this scale on our own would be challenging, we immediately sought financial support from the government through the BOC.

To ensure the drawings aligned with BOC's requirements and to increase the likelihood of funding approval, it became necessary to incorporate their feedback into the design. The initial plan, which featured a two-story building with an attic, has to be redesigned based on BOC's recommendations, specifically, a gallery and additional commercial spaces were added to improve the project's long-term sustainability.

The same has been apprised in the ExCom Meeting dated April 14, 2023. The preliminary drawing and designs had to incorporate feedback from the BOC which entailed extensive time-consuming deliberations with the BOC. This process took additional time due to the need for continuous consultation with the BOC and the committee. After each round of feedback, the drawings were returned to the consultant for expert input and adjustment the delay was primarily caused by this extensive consultation process, as well as the incorporation of numerous changes ranging from minor details to major modifications.

The memo was treated as settled:

Based on the justification and review of additional documents, the memo was treated as settled.

***Compliance to be made by Management*:**

The Bhutan Shooting Federation should ensure that the pertinent documents are maintained and produced to audit team during the time of audit. The compliance will be reviewed in the next audit.

9.4 Discrepancy in award of additional work - Nu. 90,000.00

The review of relevant documents noted that the contract for design work was initially awarded for one-storied Youth Hostel building. Then, the designed was ratified to two-storied building and subsequently awarded additional work to M/s Gandhara Designs with service fees of Nu. 90,000.00. In these regards, the following observations are noted in awarding additional work:

- *The contract agreement for award of additional work was not executed,*
- *The consultancy fee for additional work was not properly determined,*
- *Inadequate documents such as issue of additional work order and approval sought from concerned authority for change in design,*
- *Additional financial expenses incurred in obtaining repeated design approvals from Thimphu Thromde.*

Therefore, the BTF is requested to provide justification on the issue raised above.

Auditee's Response:

Due to the unforeseen infrastructure developments in the surrounding area with 6 storied building constructions, BTF was forced to revise its original plan for the youth hostel from a single-story design to a two-story structure. This change was made to optimize space usage

and account for future expansion limitations in the prime area, where further development would be challenging in the future. Given the need for a complete redesign, the consultant charged an additional fee of 90,000/- for the extra work.
However, since the redesign was based on the same overall project, BTF initially did not anticipate the need for separate documentation for the additional work. Although the scope change was approved by the ExCom dated 24th July, 2023, proper documentation of the amended agreement was unintentionally overlooked.

We acknowledge this oversight and are now taking immediate action to draft and sign the necessary contract and other relevant documentation to formalize the scope change and fee.

The memo was treated as settled:

Based on the review of additional documents, the memo was treated as settled.

***Compliance to be made by Management*:**

The Bhutan Shooting Federation should ensure that the pertinent documents are maintained and produced to audit team during the time of audit. The similar lapses will be reviewed in the next audit.

10. Non-renewal of Bank guarantees

The clause 51.1 of GCC of the Contract document stipulates., *'The Procuring Agency shall make advance payment to the Contractor of amount stated in the SCC (mobilization) by the date stated in the SCC, against provision by the Contractor of an Unconditional Bank Guarantee in the form and by a bank acceptable to the Procuring Agency in amounts and currencies equal to the Advance Payment. The Guarantee shall remain effective until the Advance Payment has been repaid, but the amount of the Guarantee shall be progressively reduced by the amounts repaid by the contractor. Interest shall not be charged on the advance payment.'*

The contractor submitted a bank guarantee equivalent to Nu. 837,550.00 for 10% mobilization advance vide BG No. 601302401230010 dated 23/01/2023. Similarly, bank guarantee of Nu. 837,550.00 vide BG no. 601300240119002 dated 19/01/2023 was presented to Bhutan Tennis Federation against performance security by M/s P.D Bumzang Construction.

However, on verification of unconditional bank guarantees offered by the contractor observed that the validity of bank guarantees has expired as on date of audit. The bank guarantees were effective until 06/08/2024 for mobilization advance and 19/08/2024 for performance security.

Therefore, the Bhutan Tennis Federation besides providing justification should obtain the new Bank Guarantees valid until the contract period and intimate RAA.

Auditee's Response:

BTF acknowledge the oversight in monitoring the renewal of the bank guarantee. Upon receiving the reminder from the site engineer about the impending expiry, BTF immediately took action by writing to the contractor on 5th August, 2024, requesting the renewal of the bank guarantee. However, we recognize that, in addition to sending this request, BTF should have actively followed up to ensure the contractor completed the renewal process.

Recognizing the audit observation, the BTF in consultation with the contractor has renewed the bank guarantee. Additionally, we will implement a monitoring system to ensure proactive follow up on all critical contractual obligations, including guarantee renewals, to avoid similar oversights in the future.

The memo was treated as settled:

Based on the verification and validation of renewed bank guarantee by the audit team.

***Compliance to be made by Management*:**

The federation should ensure that similar lapses are not repeated in the future. The compliance will be reviewed in the next audit.

11. Anomaly in sanction and settlement of Advance - Nu. 100,000.00

The FAM 2016, clause 5.1.5 states, *'A claim against the Government shall be presented by submission of a bill indicating the nature and amount of the claim.'*

The review of the payment voucher no. 17 dated 15th August, 2023 noted that the vice president of Bhutan Tennis Federation was sanctioned an advance aggregating to Nu. 100,000.00 for the purchase of tennis shoes and string for Davis Cup and Billie Jean King Cup 2023. The advance was settled on 30th April 2024 vide payment voucher no. 118.

However, RAA observed that the advance was approved directly based on WhatsApp chat with the General Secretary of BTF without proper financial procedures. Further, it was observed that the advance was settled without obtaining bills/invoices for the purchase of tennis shoes and tennis racket string.

Thus, BTF besides providing justifications should obtain original bills and intimate RAA.

Auditee's Response:

The BTF selected four Men's players and 4 women's players to participate in the Davis Cup and Billie Jean King Cup, 2023 respectively. As part of the support package, BTF has committed to providing the players with four sets of uniforms, two pairs of shoes and racket strings. After reviewing the local options at the adidas store in Thimphu, it was evident that *there were limited tennis shoes choices, and the prices were significantly higher than anticipated.*

Given the need to procure 10 pairs of shoes (two each for the eight players and two for the coaches), we opted to explore online alternatives. Our aim was to secure high quality shoes for the players while being mindful of budget constraints. After reviewing online options, we found a more reasonable price and decided to proceed with the purchase. We had requested the Vice President to assist in procuring the shoes and racket strings online to save funds for the federation.

We acknowledge that the receipts provided by the agent were handwritten, which may not fully align with standard procurement practices. This was an oversight on our part, and although our intention was to minimize costs for the Federation, we recognize the importance of maintaining proper documentation. All items were issued to the players, and we have secured their signatures as proof of receipts.

Henceforth, BTF will be more vigilant in adhering to procurement protocols, ensuring that all necessary receipts and documentations are collected and retained in accordance with regulations.

The memo was treated as settled:

Based on the assurance provided by the Federation to comply with the financial norms and to maintain necessary receipts and documents henceforth.

***Compliance to be made by Management*:**

The Federation should ensure proper maintenance of documents against such expenditures besides complying with the financial norms. The compliance to assurance provided will be reviewed in the next audit.

Bhutan Amateur Athletic Federation

12. Non-levy of Liquidated Damages – Nu. 14,962.50

The Procurement Rules & Regulations 2023, Clause 6.3.4.2 states, *'Compensation for the Procuring agency, which is generally referred to as "Liquidated Damages" in the contract documents, if applied, shall be within the following limits:*

a. It should not be less than point zero five (0.05%) percent and should not be more than zero-point one (0.1%) percent for every day of delay; and
b. The total amount of compensation shall not exceed ten percent (10%) of the Initial Contract Price. Similarly, in case of revenue generating projects, a bonus may be paid to the contractor/ supplier for completion of work/delivery ahead of completion date when such

early completion/delivery would be of benefit to the employer. However, such bonus payment would be subject to the approval of Ministry of Finance.'

As per the work order no. BAAF/2023/4598 dated 25/06/2023, the work was awarded to M/s Phuntsho Namgay Construction at a lump sum contract amount of Nu. 950,000.00 at an agreed duration of one month.

However, on review of handing over the completed work observed delay in completion of the work and BAAF has failed to levy liquidated damages of Nu. 14,962.50 as computed in Table No.5 below:

Table No. 5: Details LD computation					
Sl. No.	**Contract Amount (Nu.)**	**Work Order Date**	**Work Completion Date**	**Delay in work (Days)**	**Liquidated Damage Amount @ 0.075%**
1	950,000.00	25/06/2023	15/08/2023	21 days	14,962.50

Therefore, the management besides providing justification should recover Nu. 14,962.50 and deposit in Audit Recoveries Account.

Auditee's Response:

Non-Levy of liquidated damages-Nu.14,962.50 (The work order no. BAAF/2023/4598 awarded work to M/s Phuntsho Namgay construction at a lump sum contract amount of Nu.9,50,000/-. The duration of the work was agreed to one month as prescribed in the work order). However, on review of handing over the completed work observed delay in completion of the work and BAAF has failed to levy liquidated damages of Nu.14,962.50.

For this amount we have requested the contractor to pay the amount and we NSF would like to collect and deposit in Audit Recoveries account.

The memo was treated as settled:

Based on the recovery and deposit of Nu. 14,962.50 to ARA vide RAA/TH/2024/1908 dated 16/10/2024.

***Compliance to be made by Management*:**

The Federation should deduct the penalty liable for delay in completion of work as per the existing rules and regulations. The compliance will be reviewed in the next audit.

Bhutan Volleyball Federation

13. Payment made without supporting bills - Nu. 20,000.00

The FAM 2016, Clause 5.1.5 states, *'A Claim against the Government shall be presented by submission of a bill indicating the nature and amount of the claim.'*

The Bhutan Volleyball Federation released Nu. 20,000.00 vide payment voucher no. 12 dated 19/06/2024 for purchasing diet for national beach volleyball team to prepare for Cava Beach Volleyball Championship to be hosted in Thimphu from 1st to 3rd August, 2024. However, the RAA observed the advance of Nu. 20,000.00 was adjusted based on MBOB screenshot and without appropriate bills or invoices to validate the expenditures.

Therefore, the Bhutan Volleyball Federation should provide justification for non-adhering to financial norms.

Auditee's Response:

We are writing in response to the preliminary audit observation regarding the settlement of Nu. 20,000 without an original bill. We sincerely apologize for any inconvenience or misunderstanding that this may have caused.

As per your observation, the Bhutan Volleyball Federation released Nu. 20,000 vide payment voucher No. 12 dated 19/06/2024 for purchasing diets for the national beach volleyball team to prepare for the CAVA Beach Volleyball Championship, which was scheduled to be hosted in Thimphu from August 1st to 3rd, 2024. We understand that the absence of original bills for this transaction may have raised concerns. We would like to respectfully clarify the following reasons for this situation:

*1. **Informal Purchases:** Many vendors, especially those selling vegetables and fruits, do not provide bills for smaller transactions. This is a common practice in the local market, and it was challenging to obtain bills for every purchase.*

*2. **Misplaced Bills:** While we did obtain bills for some of the grocery items, a few of them were inadvertently misplaced and we couldn't produce during the time of auditing. However, after a thorough search, we were able to retrieve original bills totaling Nu. 9940. We have attached these bills for your reference. We are committed to ensuring strict adherence to financial norms and procedures in the future. We will take necessary steps to prevent similar occurrences and ensure that all financial transactions are properly documented and supported by original bills. We appreciate your understanding and cooperation in this matter.*

The memo was treated as settled:

The memo was treated as settled based on the assurance provided to adhere with financial norms.

***Compliance to be made by Management*:**

The Federation should comply with financial rules and regulation and refrain from making payment without supporting bills. The compliance on assurance provided will be reviewed in the next audit.

Bhutan Archery Federation

14. Payment without supporting documents - Nu. 30,689.00

The review of CD account of BAF, Thimphu observed withdrawals made without supporting documents as given in Table No. 6 below:

Table No. 6: Details of withdrawal from CD account without supporting documents			
Sl. No.	**Cheque No.**	**Date of withdrawal**	**Amount**
1	381482	04/01/2024	20,537.00
2	381486	11/01/2024	10,152.00
		Total Amount (Nu.)	**30,689.00**

Further, the BAF has failed to generate the payment/disbursement voucher to record the expenses in the system potentially leading to wrong reporting of financial statements.

Therefore, the BAF besides providing the justifications should produce legit supporting documents and failure will proceed to recovery of Nu. 30,689.00.

Auditee's Response:

With reference to your letter no. BOC/Accts-05/2024-25/601 dated 30.09.2024, regarding the audit observation related to not generating the payment/disbursement voucher to record the expense, we would like to clarify the following:

The voucher was not generated in the system for the payment of the December utility bill and the purchase of a heater from Dawa Store, along with miscellaneous office expenses. The following payments were made:

1. *Cheque no. 381482, dated 04.01.2024, for an amount of Nu. 20,537, paid towards the utility bill for December 2024.*
2. *Cheque no. 381486, dated 11.01.2024, for an amount of Nu. 10,152, paid for the purchase of a heater from Dawa Store and other miscellaneous expenses.*

The Bhutan Archery Federation has now generated the necessary vouchers and attached all supporting documents. We kindly request the Royal Audit Authority to lift the audit observation. We sincerely appreciate your understanding and assure you that all future entries will be updated and vouchers will be generated accordingly.

Thank you for your kind consideration.

The memo was treated as settled:

Based on the assurance and verification of supporting documents produced to RAA, the memo was treated as settled.

***Compliance to be made by Management*:**

The Federation should ensure that similar lapses are not repeated in the future besides complying with the assurance provided. The compliance will be reviewed in the next audit.

PART III: FOLLOW-UP OF PREVIOUS AUDIT REPORTS

The RAA has also carried out the follow-up of previous years' audit reports, the status of which are provided below:

Ob. No.	Observation title	RAA's last Comments	Auditee's Response	RAA's Latest Comments	Status
AIN: (Period Covered: FY 2019-22)					
2	Excess payment for installation of Luminaries Nu. 40,000.00 (3.3.21)	The management should recover and deposit the amount of Nu. 40,000.00 into Audit Recoveries along with penalty @24% per annum, Further, the management should strengthen the internal control mechanism specifically in verifying final bill to confirm the actual quantity of work executed at site to avoid such lapse in future.	No Further Action Taken Report.	The management should recover and deposit the amount of Nu. 40,000.00 into Audit Recoveries along with penalty @24% per annum, Further, the management should strengthen the internal control mechanism specifically in verifying final bill to confirm the actual quantity of work executed at site to avoid such lapse in future.	Un-settled
3	Excess Payment due to Short Execution of Work - Nu. 120,720.00 (3.3.21)	The management should recover and deposit an amount of Nu. 120,720.00 into Audit Recoveries along with penalty @24% per annum, besides initiating administrative actions against the responsible official for such irregularities. The management should strengthen the internal control system to prevent unnecessary expenditure in future.	No Further Action Taken Report.	The management should recover and deposit an amount of Nu. 120,720.00 into Audit Recoveries along with penalty @24% per annum, besides initiating administrative actions against the responsible official for such irregularities. The management should strengthen the internal control system to prevent unnecessary expenditure in future.	Un-settled
AIN: GGD-2023-479 (Period Covered: FY 2022-23)					
1.1	Overpayment to Contractor due to error in computation of Eligibility - Nu.376,858.99 (2.1.3)	While acknowledging the response, it is apparent that the interpretation of the management is not consistent with the above clause of the SBD. The deviated item is to be computed from the quantities exceeding the maximum 20% and the value of deviated items should exceed 1% of the Initial Contract Value. However, the management was convinced of the inconsistent application of the Clause during the Audit Exit Meeting and has consented to pursue recovery of the amount. Therefore, as decided in the Audit Exit Meeting, the amount of Nu. 376,858.99 should be recovered and deposited into Audit Recoveries Account within one month from the date of issue of the Audit Report beyond which the 24% penalty per annum shall be levied as per section 55(21) of the Audit Act of Bhutan 2018. The management must initiate appropriate administrative action based on the significant financial loss that had resulted from professional negligence or errors. The management should ensure robust oversight functions focusing on areas/processes that may be vulnerable to errors or misinterpretations that may potentially lead to substantial loss or significant breach. The evidence of having reinforced the oversight functions must be furnished to RAA.	Based on the preceding information, we wish to reaffirm that the process we have employed adhere to the stipulations outlined in the PRR clause. Historically, we have consistently utilized this methodology without encountering any contention regarding this specific clause. However, as raised during the audit exit meeting, there appears to be ambiguity surrounding clause 38.1, which warrants clarification from the Ministry of Finance to prevent misinterpretation. Therefore, until such clarification is provided, we kindly request that this observation be temporarily on hold. While endeavor to seek clarification independently, we would also appreciate any efforts from your team to ascertain the precise interpretation of the aforementioned clause.	The management is requested to seek clarification from the relevant authority, until such time the amount of Nu. 376,858.99 should be recovered and deposited into Audit Recoveries Account along with 24% penalty to resolve the observation.	Un-settled

1.2	Excess payment for Thermo-Mechanically Treated Reinforcement – Nu. 646,726.16 (2.2.32)	The management should recover the amount of Nu 646,726.16 and deposit into the Audit Recoveries Account along with the 24% penalty per annum, further, the management must initiate appropriate administrative action based on the significant financial loss that had resulted from professional negligence or errors The management should ensure robust oversight functions and review system to prevent similar lapses in future. The evidence of having initiated reinforcement of oversight functions should be furnished to RAA.	As per the requirement by your team, the site engineer responsible for overseeing the construction has provided the detail computation of the excess payment on February 16, 2024. However, it's important to note that the work was executed below the existing ground level. contrary to the assumption that excess payment occurred. Enclosed once again are the calculation details for your review and consideration. *Annexure - I*	The observation is shared with the current audit team for verification at site. Till such time, the observation will remain unresolved.	Un-settled
1.3	Excess payment for painting works due to wrong consideration of coefficients– Nu. 153,379.39 (2.2.32)	The management should recover the amount of Nu.153,379.39 and deposit into Audit Recoveries Account along with 24% penalty, further the official responsible should be cautioned for such negligence. The management should ensure robust oversight functions and review system to prevent similar lapses in future. The evidence of having initiated reinforcement of oversight functions should be furnished to RAA.	Following the discussion in the audit exit meeting and in accordance with instruction provided, the engineer in charge has submitted the revised measurements for further review and consideration. Enclosed once again are calculation details for your review and consideration. *Annexure-II*	Same measurement details have been submitted which was not acceptable at the time of the audit. Therefore, the management should recover the amount of Nu. 153,379.00 and deposit into Audit Recoveries Account along with 24% penalty to resolve the observation.	Un-settled
1.4	Excess payment made to the Contractor-Nu. 70,643.80 (2.1.3)	The amount of Nu. 70,643.80 must be recovered and deposited into Audit Recoveries Account along with the 24% penalty per annum, further, concerned official must be cautioned to ensure adequate diligence in verifying the bills and the works completed. The management should ensure robust oversight functions and review system to prevent similar lapses in future. The evidence of having initiated reinforcement of oversight functions should be furnished to RAA.	In response to the recommendations from the RAA regarding the aforementioned observation, the management has instructed the contractor to make payments accordingly. A copy of the letter containing this instruction is attached herewith for your reference. ***Annexure-III.***	The amount of Nu. 70,643.80 must be recovered and deposited into Audit Recoveries Account along with the 24% penalty per annum, further, concerned official must be cautioned to ensure adequate diligence in verifying the bills and the works completed.	Un-settled
1.5	Inadmissible payment of Labor Price Adjustment - Nu. 724,103.05 (2.1.3)	The management should recover the amount of Nu. 724,103.95 and deposit into Audit Recoveries Account along-with the 24% penalty per annum, further appropriate actions should be initiated on the relevant officials for failure to exercise due diligence. The management should ensure robust oversight functions and review system to prevent similar lapses in future. The evidence of having initiated reinforcement of oversight functions should be furnished to RAA.	Regarding the aforementioned observation, we wish to clarify that the contractor was entitled for the labor component. This amount reflects our consideration solely for work completed within the project's stipulated time frame (from RA-3 to RA-9, excluding RA-10 and the final bill as per MoF notification. We have diligently computed the claim in accordance with this directive. Therefore, we kindly request a further review to conclude this matter definitively.	The management must submit the detailed workings with copy of valid supporting documents, failing which the amount should be recovered along with the application of penalties. Until the deposit of the amount of Nu. 724,103.05 into Audit Recoveries Account along with 24% penalty; the observation will remain unresolved.	Un-settled
1.6	Non-production of documents supporting material cost for Rate Analysis – Nu. 6,355,706.13 (2.2.32)	The management must furnish the detailed working of the rates determined for further review by RAA. The extent of recovery and the actions that might attract will depend on further review of the rates based on the information provided by the management. The management must ensure proper custody of essential documents as well as review system of rate analysis.	Regarding the above observation, we would like to confirm that the detailed documentation was promptly submitted to the relevant audit officials immediately following the issuance of this report for their thorough review. We kindly request your consideration in this matter, as we have diligently adhered to the necessary procedures. Enclosed once again are the calculation details for your review and consideration. *Annexure-IV*	Till the submission of the required documents by the management, the observation will remain unresolved.	Un-settled

1.7	Excess payment due to payment at quoted rate for execution of inferior specification of wood works – Nu. 415,089.90 (2.2.31)	The cost difference of Nu. 415,089.90 should be recovered and deposited into Audit Recoveries Account along with 24% penalty per annum, further, appropriate actions should be initiated against the officials for failing to demonstrate professional due care and diligence. The management should ensure robust oversight functions and review system to prevent similar lapses in future. The evidence of having initiated reinforcement of oversight functions should be furnished to RAA.	In the light of the observation mentioned above, we wish to clarify that the revised rate determined by your team aligns with the rate specified in the material advance submitted by the contractor in the year 2017. It's important to note that the rate during the pre-pandemic period was lower, but upon procurement of the dressed timber for the door and windows component, the rate has been revised vide notification from the Department of Forest and Park Services dated 7th July 2020. As previously explained, during that time, timber availability was extremely limited, especially hardwood. Consequently, we would like to submit our findings for your further review and action based on the above notification to determine the cost difference. Further, we would like to assure that such lapses will not be repeated in any future projects. Enclosed is the copy of the notification for your kind reference.	As mentioned in the latest response, the Management of BoC can submit the copy of invoice depicting the actual purchase of timber during the period of Pandemic of else, revised rate analysis based on the rates prescribed in the Notification issued by Department of Forest and Park Services to form the RAA's final opinion.	Un-settled
2	Major Renovation /Maintenance works of the Shooting Range right after the completion of the construction - Nu. 7,760,979.23 (3.2.13)	As recommended in the audit report, the BOC management should furnish detailed risk management and mitigation strategies to be able to render stable structure and put to intended use. The relevant officials shall be held accountable for laxity leading to losses and intimate the action instituted to the RAA.	As previously stated, we want to emphasize that the management had implemented essential mitigation measures during the renovation process. These measures included retrofitting where necessary, such as excavation works, retention walls and water drainage systems, aimed at preventing surface entry, which was identified as the primary cause of the damage. In the light of justifications submitted earlier, we respectfully request the RAA to consider and we would diligently insist risk management and mitigation strategies for any future projects.	This para shall be treated settled as the similar memo is reinstated during the current audit for FY 2023-24.	Settled

APPENDICES

				As per FINAL BILL			Work exexuted at site						Appendix A	
Sl. No	Item Code (if any)	Description	Unit	Quantity	Rate Nu.	Amount(paid)	Quantity No.	L	B	H	Total Qty.	Excess Qty	Rate Nu.	Excess Amount
	DD0006	Demolition of RRM including stacking useful materials & disposal of rubbish within 50 m lead.	cum	11.6	847.58	9,831.93					0	11.60	847.58	9,831.93
	CW0003	Providing and laying in position plain cement concrete excluding the cost of centering and shuttering - All work upto plinth level.	cum	50.1	4,000.00	200,400.00	0	0	0	0	0	50.10	4000	200,400.00
	CW0003	Providing and laying in position plain cement concrete excluding the cost of centering and shuttering - All work upto plinth level. 1:2:4	cum	120.17	6,554.20	787,618.21								
						Back side of the building	1	26.2	12.86	0.08	26.95			
								5.9	9.3	0.08	4.39			

					Centre of the building	1	33.57	10.5	0.08	28.20			
					Front	1	32.14	12.8	0.08	32.91			
					Deduction	1	3.25	5.9	0.08	1.53			
					Sitting Gallery	1	31.88	6.08	0.06	11.63			
					M/F toilet Hall	2	4.23	2.9	0.1	2.45			
					Side Wall Kote	2	2.9	1.5	0.1	0.87			
					Disable Ramp Toilet M/F	2	1.8	0.9	0.23	0.75			
					Disable Ramp (Main Entrance)	1	2.1	1.25	0.2	0.53			
									Total QTY	107.14	13.03	6554.2	85,376.69
PI0085	Providing & fixing white vitreous china washbasin,including C.Ibrackets ,15mm C.P.brass pillartaps ,c.p.chain & rubberplug ,32mm pvc waste, 32mm dia. trap & union, repair walls	each	6	4,717.60	28,305.60	4					2.00	4717.6	9,435.20
												Total Amou	**305,043.82**

Appendix B

Appendix B: Loss of Rental Revenue										
SN	**Tenants**	**Lease Date**	**Property Allotted**	**Monthly Rental Amount**	**10% Revision**	**New Rent after 2020**	**10% Revision**	**New Rent after 2022**	**10% Revision**	**New Rent after 2024**
1	M/s Future Film	4/18/2018	Room No. 6	Nu.6,210.00	Nu.621.00	Nu.6,831.00	Nu.683.10	Nu.7,514.10	Nu.751.41	Nu.8,265.51
2	M/s Tashi Samphel Handicraft	4/18/2018	Room No. 1	Nu.25,000.00	Nu.2,500.00	Nu.27,500.00	Nu.2,750.00	Nu.30,250.00	Nu.3,025.00	Nu.33,275.00
3	M/s Jigme Dorji Const. Pvt. Ltd	4/18/2018	Room No. 5	Nu.7,200.00	Nu.720.00	Nu.7,920.00	Nu.792.00	Nu.8,712.00	Nu.871.20	Nu.9,583.20
4	M/s Print-Tech	4/18/2018	Room No. 4	Nu.9,800.00	Nu.980.00	Nu.10,780.00	Nu.1,078.00	Nu.11,858.00	Nu.1,185.80	Nu.13,043.80
			Room No. 7	Nu.6,400.00	Nu.640.00	Nu.7,040.00	Nu.704.00	Nu.7,744.00	Nu.774.40	Nu.8,518.40
5	M/s Fine Arts and Rubber Stamps	4/18/2018	Room No. 2	Nu.8,400.00	Nu.840.00	Nu.9,240.00	Nu.924.00	Nu.10,164.00	Nu.1,016.40	Nu.11,180.40
			Room No. 3	Nu.8,400.00	Nu.840.00	Nu.9,240.00	Nu.924.00	Nu.10,164.00	Nu.1,016.40	Nu.11,180.40
			Room No. 8	Nu.8,400.00	Nu.840.00	Nu.9,240.00	Nu.924.00	Nu.10,164.00	Nu.1,016.40	Nu.11,180.40
			Room No. 9	Nu.8,400.00	Nu.840.00	Nu.9,240.00	Nu.924.00	Nu.10,164.00	Nu.1,016.40	Nu.11,180.40
6	M/s Woezer Events	3/1/2018	2,252.50 sq.ft	Nu.29,282.50	Nu.2,928.25	Nu.32,210.75	Nu.3,221.08	Nu.35,431.83	Nu.3,543.18	Nu.38,975.01
	Total Monthly Rental Amount			**117,492.50**		**129,241.75**		**142,165.93**		**156,382.52**
	Total Annual Rental Amount			**1,409,910.00**		**1,550,901.00**		**1,705,991.10**		**1,876,590.21**
	Loss of Rental Revenue			**466,680.21**						

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FINANCIAL STATEMENTS

BHUTAN OLYMPIC COMMITTEE

Receipts and Payments Statement

For A/C. No. 113.01/1001-LC

For the Month of JUNE - 2024

No.	Group/Broad Head Of Account	Receipts		Payments		Cumulative Balance (-) Cr, (+) Dr
		For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	
1	**Opening Balance :**					
	a. Cash	0.00	0.00			
	b. Bank	4,432,981.32				
2	**Releases :**					
	a. Budgetary	47,836,985.00	161,914,971.00			
	b. Non-Revenue	0.00	60,000.00			
	c. Refundable Deposits	0.00	710,762.00			
	d. Un-cashed Cheques					
3	**Grants in-Kind :**	0.00	0.00	0.00	0.00	
4	**Borrowings in-Kind :**	0.00	0.00	0.00	0.00	
5	**Revenue Receipts/Remittances :**	1,409,793.00	4,622,260.00	1,409,793.00	4,622,260.00	
6	**Other Recoveries/Remittances :**					
	a. GPF: Employee Contribution	180,093.00	2,173,722.00	180,093.00	2,173,722.00	
	b. Govt. Insurance Scheme	26,900.00	320,500.00	26,900.00	320,500.00	
	c. Other Insurance Premia	0.00	0.00	0.00	0.00	
	d. Loans from Fin. Instts.	0.00	0.00	0.00	0.00	
	e. Others	339,447.00	359,522.00	339,447.00	359,522.00	
7	**Personal Advances :**	59,690.00	754,568.00	59,600.00	754,568.00	0.00
8	**Miscellaneous Receipts/Payments :**					
	a. Non-Revenue A/C. Deposits	0.00	0.00	0.00	152,430.59	
	b. Refundable Deposit A/C. Deposits	0.00	0.00	3,242,958.00	5,896,316.00	

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Bhutan Olympic Committee
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BHUTAN OLYMPIC COMMITTEE

Receipts and Payments Statement

For A/C. No. 113.01/1001-LC

For the Month of JUNE - 2024

No.	Group/Broad Head Of Account	Receipts		Payments		Cumulative Balance (+) Cr, (-) Dr
		For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	
	c. Payments to DPA	0.00	0.00	2,700,026.39	2,857,237.81	
	d.Others	0.00	0.00	0.00	0.00	
9	**Suspense :**					
	a. Stock	0.00	0.00	0.00	0.00	0.00
	b. Purchases	0.00	0.00	0.00	0.00	0.00
	c. PW Advances	31,830,630.14	63,445,202.14	18,305,222.50	32,708,915.25	13,373,068.38
	d. Intra-Agency Assignments	0.00	0.00	0.00	0.00	
	e. Deposit Works	0.00	60,000.00	0.00	60,000.00	
	f. Other Deposits	3,242,958.00	5,896,316.00	0.00	710,762.00	-7,626,519.00
10	**Budgetary Expenditure :**					
	a. Current			9,159,139.23	87,952,307.49	
	b. Capital			51,775,600.09	99,588,583.75	
	c. Lending			0.00	0.00	
	d. Repayment			0.00	0.00	
11	**Closing Balances :**					
	a. Cash			0.00	0.00	
	b. Bank			2,160,698.25	2,160,698.25	
	Grand Total :	**89,359,477.46**	**240,317,823.14**	**89,359,477.46**	**240,317,823.14**	

(Signature)
Head of Finance Section

ROYAL AUDIT AUTHORITY

(Signature)
Head of Office

Secretary General
Bhutan Olympic Committee
Thimphu

BHUTAN OLYMPIC COMMITTEE

Expenditure Statement

For A/C No. : 113.01/1001 - LC

Program Code : 009 - OLYMPIC SERVICES

S	FIC	OBC	Particulars	Receipt	Expenditure
1		01.01	Pay and Allowances	10,671,000.00	10,550,033.00
2		01.01	Pay and Allowances	781,000.00	778,266.00
3		01.01	Pay and Allowances	28,671,000.00	28,211,483.00
4		02.01	Other Personnel Emoluments	838,000.00	837,990.00
5		02.01	Other Personnel Emoluments	1,404,000.00	1,392,090.00
6		11.01	Travel - Incountry	230,000.00	202,405.00
7		11.01	Travel - Incountry	47,000.00	31,125.00
8		11.02	Travel - Outside Bhutan	23,000.00	22,860.00
9		11.02	Travel - Outside Bhutan	65,000.00	64,133.00
10		11.02	Travel - Outside Bhutan	3,000,000.00	2,999,999.32
11		11.02	Travel - Outside Bhutan	709,000.00	708,999.63
12		11.02	Travel - Outside Bhutan	8,398,000.00	8,397,999.05
13		12.01	Utilities -Telephones and Internet	60,000.00	38,517.40
14		12.01	Utilities -Telephones and Internet	10,000.00	3,495.50
15		12.02	Utilities - Postage	35,000.00	19,922.00
16		12.03	Utilities - Electricity, Water,	540,000.00	528,797.34
17		14.01	S & M - Office Supplies, Printing, Publications	256,000.00	255,772.00
18		14.01	S & M - Office Supplies, Printing, Publications	50,000.00	25,012.00
19		14.02	S & M - Medicines & Laboratory Consumables	27,000.00	25,500.00
20		14.06	S & M - Uniforms, Extension Kits,	42,000.00	31,080.00
21		15.01	Maintenance of Property -	156,000.00	152,502.20
22		15.01	Maintenance of Property -	279,000.00	278,327.00
23		15.02	Maintenance of Property - Vehicles	803,000.00	793,281.79
24		15.02	Maintenance of Property - Vehicles	170,000.00	149,908.82
25		15.05	Maintenance of Property -	250,000.00	241,346.20
26		15.07	Maintenance of Property -	75,000.00	70,800.00
27		17.01	Op. Exp. - Advertising	37,000.00	37,200.00
28		17.02	Op. Exp. - Taxes, Duties, Royalties, Fees, Handling Charges, Bank	35,000.00	6,635.93
29		17.03	Op. Exp. - Transportation	20,000.00	20,000.00
30		17.08	Op. Exp. - Incountry Meetings and Celebrations	188,000.00	187,264.00
31		17.08	Op. Exp. - Incountry Meetings and Celebrations	3,000.00	2,475.00
32		17.08	Op. Exp. - Incountry Meetings and Celebrations	134,000.00	28,313.00

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33		17.08	Op. Exp. - Incountry Meetings and Celebrations	399,000.00	398,239.00
34		17.08	Op. Exp. - Incountry Meetings and Celebrations	500,000.00	500,000.00
35		17.08	Op. Exp. - Incountry Meetings and Celebrations	570,000.00	567,713.00
36		17.08	Op. Exp. - Incountry Meetings and Celebrations	780,000.00	770,260.51
37		18.01	Hospitality & Entertainment	938,000.00	934,445.00
38		18.01	Hospitality & Entertainment	75,000.00	74,545.00
39		21.01	Current Grants - Individuals/Non-profit Orgs.	21,955,000.00	21,955,000.00
40		21.01	Current Grants - Individuals/Non-profit Orgs.	1,400,000.00	1,400,000.00
41		24.01	Subscriptions to International	25,000.00	10,976.80
42		24.03	Contributions - Provident Fund	707,000.00	699,870.00
43		24.03	Contributions - Provident Fund	57,000.00	56,480.00
44		24.03	Contributions - Provident Fund	2,396,000.00	2,396,485.00
45		25.01	Retirement Benefits	1,095,000.00	1,094,760.00
46		45.02	Training - Others	130,000.00	130,000.00
47		45.02	Training - Others	514,000.00	514,000.00
48		45.02	Training - Others	93,000.00	92,897.00
49		45.02	Training - Others	669,000.00	669,000.00
50		45.03	Training: Undergraduate	4,397,000.00	3,930,193.00
51	4740	51.01	Exp. on Structure - Buildings	4,540,000.00	58,000.00
52	4740	51.01	Exp. on Structure - Buildings	17,202,000.00	9,361,263.00
53	0002	51.01	Exp. on Structure - Buildings	3,085,000.00	3,085,000.00
54	4740	51.08	Exp. on Structure - Others	1,500,000.00	1,499,931.00
55	4740	51.08	Exp. on Structure - Others	5,815,000.00	5,814,062.16
56	4740	51.08	Exp. on Structure - Others	392,000.00	392,000.00
57		51.08	Exp. on Structure - Others	39,813,000.00	39,812,999.59
58	4740	51.08	Exp. on Structure - Others	19,375,000.00	19,375,000.00
59	4740	51.08	Exp. on Structure - Others	4,181,000.00	4,140,488.00
60		54.01	Furniture	267,000.00	266,194.00
61		54.03	Computers & Peripherals	94,000.00	90,577.00
62	5997	61.01	Capital Grants - Individuals/Non-Profit Orgs.	10,357,000.00	10,356,979.00
			Total Amount	**201,328,000.00**	**187,540,891.24**

Secretary General
Olympic Committee

BHUTAN OLYMPIC COMMITTEE

Printed date : 27/09/2024

Bank Reconciliation Statement

For A/C. No. 113.01/1001

For the Month of June - 2023-2024

	Amount (Nu.)	Remarks
A. Particulars :		
1. Total Releases from DPA	162,685,733.00	
2. Less: Closing Balance as per Cash book	2,160,698.25	
3. Difference : Funds withdrawn as per Cash book (1 -2)	160,525,034.75	
B. Reconciliation :		
1. Funds withdrawn as per Bank statement of the Bank	160,525,034.75	
2. Add: Cheques issued but not cashed (Annex - 1)	0.00	
3. Add: Amount debited in Cash book but not in Bank statement (Annex - 2)	0.00	
Total (1+2+3)	160,525,034.75	
4. Less: Amount debited in bank statement but not in cash book (Annex - 3)	0.00	
Total (1+2+3-4)	160,525,034.75	

ROYAL AUDIT AUTHORITY

Head of Finance Section
Secretary General
Bhutan Olympic Committee
Thimphu

Bhutan Olympic Committee -1.7.22
Post Box 939
Thimphu Bhutan
E-Mail : lepchan@gmail.com

Receipts and Payments

1-Jul-23 to 30-Jun-24

Receipts		1-Jul-23 to 30-Jun-24	Payments		1-Jul-23 to 30-Jun-24
Opening Balance		6,37,67,796.98	Advances to Fedarations Units Parties & Persons		2,12,19,956.45
BNBL- BOC Savings Ac	*6,00,00,000.00*		Bank Charges		1,759.92
BOB A/c	*17,84,108.84*		Bhutan Anti-Doping Committee		28,949.50
BPC-BOB A/C	*19,83,688.14*		Bhutan International Marathon		16,61,866.51
Advances to Fedarations Units Parties & Persons		1,33,06,947.83	BOC-OS Ac		30,00,000.00
Bhutan International Marathon		11,64,598.80	GIS Contribution		3,600.00
BNBL Ac Receipts		50,000.00	Health Contribution		3,332.00
BOC Merchandise - Sale Process		28,000.00	Olympic Day		10,81,730.00
GIS Contribution		9,500.00	Other Payment		3,46,875.06
Health Contribution		3,332.00	Other Receipts		23,15,729.93
Land Lease Payment		10,977.12	Provident Fund (Employee Contribution)		19,725.00
Olympic Day		5,50,609.00	Rent of Building		7,50,000.00
Other Payment		3,46,875.06	Repair and Maintenence		10,000.00
Other Receipts		1,65,63,434.42	Retention Money		13,11,295.11
Other Recoveries		1,02,837.00	Sports Block Grant-RGOB		2,17,96,578.24
Provident Fund (Employee Contribution)		19,725.00	TDS on Salary		7,541.00
Refund From MOF		12,49,990.00	TDS on Suppliers		1,93,261.00
Rent of Building		5,67,555.00	Travel-TA/DA Ex Country		38,070.00
Retention Money		5,75,401.82	**Closing Balance**		7,21,99,691.78
Sports Block Grant-RGOB		2,74,30,491.47	*BNBL- BOC Savings Ac*	*20,49,850.00*	
TDS on Salary		7,541.00	*BNBL Fixed Deposit*	*5,00,00,000.00*	
TDS on Suppliers		1,93,261.00	*BOB A/c*	*1,81,66,153.64*	
Technical Courses for Coaches - Volleyball		33,738.00	*BPC-BOB A/C*	*19,83,688.14*	
Tour of the Dragon		7,350.00			
Total		12,59,89,961.50	**Total**		12,59,89,961.50

Finance Officer
Bhutan Olympic Committee
Thimphu : Bhutan

Chief Finance Officer
Bhutan Olympic Committee
Thimphu

Bhutan Olympic Committee -1.7.22
Post Box 939
Thimphu Bhutan
E-Mail : lepchan@gmail.com

BOB A/c
Reconciliation Statement
1-Jul-23 to 30-Jun-24

Date	Particulars	Favouring Name / Received From	Vch Type	Transaction Type	Instrument No.	Instrument Date	*Bank Date*	Debit	Credit
31-May-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	521687	31-May-24			**1,87,500.00**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485807	27-Jun-24	*2-Jul-24*		**7,00,000.00**
12-Apr-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485736	12-Apr-24	*5-Jul-24*		**26,679.53**
24-Jun-24	**TDS on Salary**		**Payment**	Cheque	485798	24-Jun-24	*8-Jul-24*		**632.00**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Same Bank Transfer		27-Jun-24	*8-Jul-24*		**50,450.70**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485802	27-Jun-24	*8-Jul-24*		**1,11,595.90**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485803	27-Jun-24	*8-Jul-24*		**1,25,745.67**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485806	27-Jun-24	*8-Jul-24*		**18,302.00**
30-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485810	30-Jun-24	*8-Jul-24*		**9,237.76**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485805	27-Jun-24	*5-Aug-24*		**85,341.09**
27-Jun-24	**Sports Block Grant-RGOB**		**Payment**	Cheque	485804	27-Jun-24	*13-Aug-24*		**12,541.00**

Balance as per Company Books: **1,81,66,153.64**
Amounts not reflected in Bank: **13,28,025.65**
Balance as per Bank: 1,94,94,179.29

Finance Officer
Bhutan Olympic Committee
Thimphu : Bhutan

Chief Finance Officer
Bhutan Olympic Committee
Thimphu

ROYAL AUDIT AUTHORITY

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BANK OF BHUTAN

STATEMENT OF ACCOUNT

ACCOUNT NO.	:	100900382	ACCOUNT TYPE	:	CA - CORPORATE
CUSTOMER NO	:	20242855	NAME	:	SECRETARY GENERAL BOC
STATEMENT FROM	:	01-JUN-2024 to 30-JUN-2024			
DATE OF OPENING	:	06-JAN-1997	ADDRESS	:	THIMPHU
OD Limit	:	0		:	
CURRENT BALANCE	:	18,794,179.29		:	THIMPHU
RATE	:	0		:	THIM=THROM NA
				:	000000
			BRANCH NAME	:	THIMPHU MAIN BRANCH

Opening Balance as on 01/06/2024: 3,669,347.71

POST DATE	VALUE DATE	PARTICULARS	JOURNAL NUMBER	CHEQUE NO/ REFERENCE	DEBIT	CREDIT	BALANCE
01/06/2024	01/06/2024	TO BATCH/BULK DEBIT :CHEQUE.NO.485791:00020	583600021		187,500.00		3,481,847.71
01/06/2024	01/06/2024	TO DEBIT THROUGH CHEQUE :DORJI 17374304:00220-CHQ NO~485768	677048002	485768	54,978.00		3,426,869.71
03/06/2024	03/06/2024	TO CHEQUE WDL MODIFIED :NAMKHA 17571506: BILL 100905733:00020-CHQ NO~485739	285053	485739	67,180.00		3,359,689.71
04/06/2024	04/06/2024	TO CHEQUE WDL MODIFIED :TAXPBOC BAY00324DV6724846716881223: BILL 100891537:00020-CHQ NO~485787	821921	485787	632.00		3,359,057.71
05/06/2024	05/06/2024	BY EPAYMENT:PI2024060500419929\ TRANSFER OF ODC: BILL 400000437:88888	556320			500,000.00	3,859,057.71
05/06/2024	05/06/2024	BY EPAYMENT:PI2024060500419936\ GRANT FOR JUNE 2: BILL 400000437:88888	549530			1,666,667.00	5,525,724.71
06/06/2024	06/06/2024	BY ATM TRF :415811373573/10018430/ATM: BILL 207177622:	800076358			29,260.00	5,554,984.71
07/06/2024	07/06/2024	TO CHEQUE WDL MODIFIED :TAXPBOC BAY00324DV6524846286641223: BILL 100891537:00020-CHQ NO~485793	1184132	485793	14,648.00		5,540,336.71
07/06/2024	07/06/2024	TO DEBIT THROUGH CHEQUE :UGYEN 17615269:00020-CHQ NO~485790	680068002	485790	2,292.00		5,538,044.71
10/06/2024	10/06/2024	BY EPAYMENT:PI2024061000430987\ ADDITIONAL GRANT: BILL 400000437:88888	1391224			1,142,662.00	6,680,706.71
11/06/2024	11/06/2024	BY TRANSFER :REFUND OF AIR FARE: BILL	455565			68,796.00	6,749,502.71
12/06/2024	12/06/2024	TO TRANSFER :BHUBS12062024164788883/00000000100900382:00020	1743822		44,385.00		6,705,117.71
17/06/2024	17/06/2024	BY EPAYMENT:PI2024061700448649\ ADDITIONAL GRANT: BILL 400000437:88888	559340			812,000.00	7,517,117.71
18/06/2024	18/06/2024	TO CHEQUE WDL MODIFIED :RAN 17341379: BILL 100922396:00020-CHQ NO~485792	514302	485792	660,696.00		6,856,421 71

Amt Brought 6,856,421.71

POST DATE	VALUE DATE	PARTICULARS	JOURNAL NUMBER	CHEQUE NO/ REFERENCE	DEBIT	CREDIT	BALANCE
19/06/2024	19/06/2024	TO CHEQUE WDL MODIFIED :UGYEN17615207: BILL 102684950:00020-CHQ NO~485794	571813	485794	44,000.00		6,812,421.71
19/06/2024	19/06/2024	TO CHEQUE WDL MODIFIED :SONAM17556663: BILL 210174820:00020-CHQ NO~485760	571095	485760	28,812.00		6,783,609.71
19/06/2024	19/06/2024	TO TRANSFER :BHUBS19062024171793753/00 000000100900382:00020	994420		180,614.51		6,602,995.20
20/06/2024	20/06/2024	BY EPAYMENT:PI20240620004600 24\ ADV. REFUND: BILL 400000437:88888	1112522			8,000,000.00	14,602,995.20
20/06/2024	20/06/2024	TO CHEQUE WDL MODIFIED :SECRETARY GENERAL BOC: BILL 100765625:00310-CHQ NO~485796	1211542	485796	2,295.00		14,600,700.20
21/06/2024	21/06/2024	TO BATCH/BULK DEBIT :485795:00020	564600030		12,042.00		14,588,658.20
21/06/2024	21/06/2024	BY EPAYMENT:PI20240621004624 46\ REFUND OF HOTEL: BILL 400000437:88888	691585			500,000.00	15,088,658.20
21/06/2024	21/06/2024	BY EPAYMENT:PI20240621004624 62\ ADV. REFUND LAND: BILL 400000437:88888	686407			550,000.00	15,638,658.20
21/06/2024	21/06/2024	BY EPAYMENT:PI20240621004633 91\ REFUND OF FLUIDR: BILL 400000437:88888	1138169			3,645,363.09	19,284,021.29
21/06/2024	21/06/2024	BY BATCH/BULK CREDIT :PIT/BIT/CIT/BST REFUND:00020	507700020			20,472.00	19,304,493.29
25/06/2024	25/06/2024	TO DEBIT THROUGH CHEQUE :457621:00020-CHQ NO~485799	684471001	485799	3,815.00		19,300,678.29
25/06/2024	25/06/2024	TO BATCH/BULK DEBIT :CHEQUE.NO.485797:00020	536000026		27,654.00		19,273,024.29
26/06/2024	26/06/2024	BY EPAYMENT:PI20240626004800 64\ REFUND SWIMMING: BILL 400000437:88888	1844672			471,318.00	19,744,342.29
27/06/2024	27/06/2024	TO CHEQUE WDL MODIFIED :PEMA 17726905: BILL 100894684:00020-CHQ NO~485800	1319725	485800	300.00		19,744,042.29
28/06/2024	28/06/2024	TO BATCH/BULK DEBIT :CHEQUE.NO.485808:00020	572800043		187,500.00		19,556,542.29
29/06/2024	29/06/2024	TO CHEQUE WDL MODIFIED :SECRETARY GENERAL BOC: BILL 100922396:00310-CHQ NO~485809	320843	485809	62,363.00		19,494,179.29
Total					1,581,706.51	17,406,538.09	

STATEMENT SUMMARY :-	OPENING BALANCE	TOTAL DEBIT	TOTAL CREDIT	CLOSING BALANCE
	3,669,347.71	1,581,706.51	17,406,538.09	19,494,179.29

END OF STATEMENT

UNLESS A CONSTITUENT NOTIFIES THE BANK IMMEDIATELY OF ANY DISCREPANCY FOUND BY HIM/HER IN HIS/HER STATEMENT OF ACCOUNT IT WILL BE TAKEN THAT HE/SHE FOUND THE ACCOUNT CORRECT.

THIS IS A COMPUTERIZED STATEMENT AND DOES NOT REQUIRE SIGNATURE.

Finance Officer
Bhutan Olympic Committee
Thimphu : Bhutan

Chief Finance Officer
Bhutan Olympic Committee
Thimphu

PROFILE

Background

Bhutan Olympic Committee (BOC), was established on 1st of February, 1983, succeeded the National Sports Association of Bhutan which was established in 1972. The international Olympic Committee granted full recognition to the BOC on the 30th of November, 1983. As of today, the BOC has 15 National Sports federations, 5 sports Associations and 15 Dzongkhag sports associations affiliated to the BOC.

Vision:
Excellence through sports for all (or) High performance through participation.

Mission:
Establish a representative and organized sport system that delivers sport and recreation for all.

Objectives:

- Establish a robust sport governance system that will efficiently deliver organized sport to all Bhutanese.
- Develop the capacity of human resource in sport bodies to enable delivery of services and results.
- Provide opportunities and access to sport facilities by optimizing management and utilization of existing and new sport infrastructure.
- Identify and pursue mechanisms to secure the financial sustainability of development programs and accountability within the sport bodies.
- Promote a vibrant sporting culture and overall sport development by engaging all forms of media and communication.

Budget vis-à-vis Expenditure

(Nu. in millions)

Financial Year	Approved Budget (Nu.)		Expenditure (Nu.)		Balance (Nu.)	
	Current	Capital	Current	Capital	Current	Capital
2023-24	88.489	48.518	87.952	48.591	0.537	(0.073)

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Royal Audit Authority
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