

V. Bhutan Postal Corporation Limited

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

The Bhutan Postal Corporation during the year 2004 was administered and managed by the following:

| Sl.No | Name of official | Portfolio |
|-------|----------------------|-------------------|
| 1. | Lyonpo Leki Dorji | Chairman |
| 2. | Dasho Meghraj Gurung | Managing Director |
| 3. | Sonam Peldon | Finance Manager |

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

Table 1.46 showing summary of the observation by category code and the amount involved.

| Sl. No | Observations in brief | Amount (Nu. Million) | % | Category code |
|--------|---|----------------------|---------------|---------------|
| 1. | Non-realization | 7.863 | 83.10 | 2 |
| 2. | Losses sustained by opening the Post Shop | 1.599 | 16.90 | 16 |
| | Total | 9.462 | 100.00 | |

Major findings:

1. Losses sustained by opening the Post Shop - Nu. 1.599 million

Bhutan Post with approval from the Chairman had started a Post Shop/Hallmark and invested a total fund of Nu.9.134 million. The General Manager, Operation was entrusted the responsibility to manage the business and return the capital investment with interest of 15% per annum. The management for reasons not known to the audit was transferred to one Ramanand Thakur, ex-employee of Bhutan Post. During the business period the Post Shop had refunded Nu.8.672 million including advances, stocks and receivables thereby leaving irrecoverable balance amount of Nu.0.462 million. The loss amount did not include the accrued interest of Nu.1.137 million. The interest amount was later written off by the Chairman on the ground of business not making profit. The audit had found out that such losses occurred in a situation where proper and comprehensive investment/project appraisal was not usually carried out.

Auditee's response: *The management attributed reasons of losses to lack of experiences, competition and venturing into new non-core area of business etc.*

Who is accountable?: *The present management is held responsible to pursue for recovery of interest accrued and balance of principal amount from those concerned.*

2. Non-realization - Nu.7.863 million

Some branches under the Bhutan Postal Corporation Limited had not realized the revenue amounting to Nu. 7.863 million as shown below:

Table 1.47 showing the agencies which had not realized the revenue.

| Sl. No. | Agency | Amount (Nu. Million) |
|---------|---------------------------|----------------------|
| 1. | Bhutan Post, Phuntsholing | 0.107 |
| 2. | Bhutan Post, HQ | 6.333 |
| 3. | Bhutan Post, HQ | 0.471 |
| 4. | Bhutan Post, HQ | 0.952 |
| | Total | 7.863 |

A. Bhutan Post through its branch in Phuntsholing supplies newspapers and magazines to various organizations and individuals. Out of the total bill amount of Nu.3.533 million raised the balance of 0.107 million remained unrealized.

Auditee's response: *The RAA was informed that details have been sent to the concerned offices and that once the reconciliation is completed RAA would be intimated accordingly.*

Who is accountable?: *W. Wangdi, Regional Manager then, Phuntsholing is held accountable to deposit into Audit Recoveries Account.*

B. Bhutan Postal Corporation Limited has a facility of Special Drawing Rights (SDR) for the letters, parcels and Express Mail Service (EMS) received from countries like Great Britain, Switzerland, Denmark, Japan, Netherlands, India, Thailand, Nepal, Korea, USA, Singapore, Bangladesh, Maldives, Italy and Pakistan. However, on scrutiny it was observed that international mail revenue amounting to Nu.6.333 million have been lying outstanding and some outstanding dating as far back as 1994.

Auditee's response: *The RAA was informed that the accounting procedure between Bhutan Post and other Postal Administration is defined by Universal Postal Union and accepted by its members including Bhutan Post. Accordingly the claims of the Bhutan Post are submitted to the concerned Postal Administration who verifies and confirms the acceptance of the claim. The amount will be realized on part by part basis as per usual international settlement practices.*

Who is accountable?: *Leela Pradhan, Manager, International Accounts Settlement is held directly responsible to initiate the realization sooner.*

C. After failure of the Post Shop business operated by the Bhutan Postal Corporation Limited, the management was handed over to Ramanand Thakur, ex-employee of the agency with the conditions that he will make monthly payment of Nu.0.015 million as revenue to the Bhutan Post, 15% interest on fund released and rental charges. However, these terms and conditions were not respected as Nu.0.471 million were yet to be realized.

Auditee's response: *The case is now forwarded to the Royal Court of Justice.*

Who is accountable?: *The legal unit of the corporation is held responsible to follow-up the matter under intimation of its outcome to the RAA.*

D. A contract for the production of Bhutan's postal stamps was given to Inter-Governmental Philatelic (IGPC), New York. As per the contract IGPC will produce 10 special issues each year for sale in the international market and pay Bhutan Postal Corporation a royalty of US \$ 0.110 million. On verification it was observed that royalty amounting to Nu.0.952 million were lying outstanding against the production of year 2000.

Auditee's response: *The management stated that in order to maintain long term business relationship the company i.e.IGPC as requested would be allowed to produce one special issue without royalty in return for payment of outstanding royalty against the production of year 2000 amounting to Nu.0.952 million thereafter at the earliest.*

Who is accountable?: *Managing director is held responsible to realize the dues at the earliest.*