



Thimphu Thromde

Internal Audit Division

Internal Audit Report on “Trend of Pay Fixation of the Thimphu Thromde for pre financial year of 2017”

Reference: TT/IAU-4/2018-2019/3624

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Executive Summary

The internal audit on the pay fixation of Thimphu Thromde was carried out as per the minutes of the 86th Planning and Policy Coordination Meeting (PPCM), Ministry of Finance (MoF) and the internal auditor meeting held on 6th August 2018. The Thimphu Thromde office functions with 5 Divisions with over 230 regular staff and more than 300 muster roll workers. There are 19 schools under Thimphu Thromde with over 1078 teachers including non-teaching staff. Due to lack of, time and human resource in Thromde, Internal Audit Unit (IAU) carried out sampling audit. The trend of pay fixation of the Thimphu Thromde and Thromde Education employees was reviewed from the date of appointment till fiscal year 2017 based on the service book and supporting documents maintained by the Human Resource Department.

The objectives of the auditing was to test check the trend of pay fixation during the annual increment and see whether the pay fixation during the promotion were free from error and, if any correction were made by the management or not and accordingly provide recommendations to strengthen the internal control process.

From the sample audit of both Thimphu Thromde and Thromde Education employees, Thimphu Thromde employees pay fixations are free from error but few cases of pay fixation error are found in the employees of Thromde Education.

Objective and scope

The main objectives of the audit are:

1. To identify whether the concerned officials have abided to the applicable rules and regulations during the pay fixation of the employees;
2. To test check whether there is over look in pay fixation especially during promotion/Increment. If any, check whether correction were made or not;
3. To test check whether the employees were given their timely increments which they are entitled and;
4. Test checks to determine the completeness of service books and personal files of the employees.

Acknowledgements

The Internal Audit Unit (IAU) would like to sincerely thank the Human Resource officials of Thimphu Thromde for rendering their cooperation and support in successfully carrying out the audit.

Methodology

The evidence gathering and audit techniques used to meet the audit objective include;

1. Checking and examination of the service books, personal files, records and documents of the officials and staff.
2. Conducting arithmetical calculation of the pay fixation of employees from the date of the appointment till the fiscal year 2017.
3. Conducting test checks to determine the completeness of service books and personal files of the employees.

Limitations

For the purpose of this audit, IAU has taken few audit samples, which may not represent the whole population due to time and human resources constraints.

Observations and Findings

In accordance with the intimation letter no TT/IAU-05/2018-2019/3386 dated 23/08/2018; IAU have carried out the auditing of the pay Fixation of Thromde Education and Thimphu Thromde employees from their date of appointment till the fiscal year 2017. Accordingly following observations were noted.

Erroneous pay fixation occurred during Promotion

While auditing the trend of pay fixation of employees from their date of appointment till the fiscal year 2017, the IAU observed few cases where there was an erroneous pay fixation during the promotion and because of that the individual was paid higher than what she/he is entitled to thus incurring loss for the government. Later the error in the pay fixation was spotted by the HR officials and the correction was made. But IAU observed few discrepancies where from some employees the management has recovered the excess payment while from some employees only the correction was made in their pay fixation and nothing was mentioned about the recoveries which raises the question of fair and just.

As per Bhutan Civil Service Rules & Regulations (BCSR)2018, chapter 11, sub clause 11.6.2.1, *“Upon promotion of a civil servant, the pay shall be fixed at the minimum of the pay scale prescribed for the higher position”* and sub clause 11.6.2.2, *“where the minimum of the pay scale of the higher position level is less than the pay actually drawn by the civil servant in the lower scale or when the difference between them is less than the amount of one annual increment in the higher scale, an amount equal to one increment in the higher scale shall be added to the pay drawn by the civil servant”*,

The employees pay should be fixed after checking the last pay drawn by the employees, if the last pay drawn is less than the minimum of the pay scale prescribed for the higher position then his or her pay should be fixed at minimum of the pay scale and if the last pay drawn of the employees is greater than the minimum of the pay scale prescribed for the higher position then his/ her pay should be fixed after adding one increment but it was found out that while fixing the pay for some employees during promotion, instead of adding one increment some were given double increment because of which erroneous in pay fixation occurred.

For instance

1. Mrs. Kuenzang Wangmo (EID.9908212)

Details	Error Basic pay fixed	Basic corrected	Pay	Difference amount	Total amount
Scale of pay	23995-480-31195				
Promotion	Nu. 24345	23995		350*12=4200	4200
Increment	Nu.24825	24475		350*6=2100	2100
				Total	6300

As per office order vide letter no TT/HRS/EDN/06/2018-2019/2724 dated 06/07/2018 the error in the pay fixation was spotted and necessary correction was made. The management ordered Accounts Section of the Thimphu Thromde to recover the excess amount of Nu.6300 for 18 months, January 2017 till June 2018.

2. Deki Rabgay Eid. 200407075

Details	year	Error Basic pay fixed	Basic Pay corrected	Difference amount	Total amount
Scale of pay	2009	6700-135-8725			
Promotion		Nu.7645	Nu.7375	270*12=3240	
Increment		-	-	-	
				Total	3240
Increment	2010	7780	7510	270*6=1620	
Pay Revision		10665	10305	360*6=2160	
				Total	3780
Increment	2011	10845	10485	360*12=4320	
				Total	4320
Increment	2012	11025	10665	360*12=4320	
				Total	4320
Increment	2013	11205	10845	360*6=2160	
Pay scale	July 2013	9775-195-12700			
Promotion		11400	11040	390*6=2340	
				Total	4500
Increment	2014	11725	11335	390*6=2340	2340
Pay revision	July 2014	Corrections were made by the management.			
				Total Excess payment Made	22500

During pay revision of 2014, mistake in the pay fixation was spotted by the HR and the correction was made by the Management but nothing is mentioned about the recoveries.

Lapses occurred because of shortage of the HR Assistant in the agency and they had to fix the pay for about 1000 plus employees and there might be chances of arithmetical calculation error during pay fixation.

Recommendation

Since it is a financial irregularity resulting in more periodical payments to the individual than what he/she is entitled to, revising pay fixation as per notification and recovering the excess payment are logical accounting principles of rectification. But it is up to Management whether they want to recover or waive off since it is lapses from both the side.

IAU is not inclined to appreciate the fact that the individual is agonised by what he/she has to repay for what is not their fault. But it is imperative that every civil servant should be aware of the service rules and that's why barring the basic service, all civil servants whether they belong to class I or other lower services, civil service values and conduct are incorporated during the probation period itself and they should comply by it.

Increment released without any official notice to waive off disciplinary punishment

A Note sheet vide letter no. PE/EDN/S-1214 dated 10th August 2005 was submitted to the Hon'ble Minister of Ministry of Education (MoE) regarding the disciplinary action against Mr. Sangay Dorji, and subsequently upon the approval from the Hon'ble Minister, MoE issued an office order vide letter no PF/EDN/S-1214/2984 dated 1 November 2005 where by Mr. Sangay Dorji's three years increment was withheld on disciplinary ground. This notice is clearly reflected in the service book that his increment is to be withheld till 2008 but IAU observed that, from 1 January 2017, his increment was released without any further notice from MoE to waive off his disciplinary action because of that there was error in his pay till date. If there is a notice to waive off his disciplinary action then there is no problem till 2017, but since no such notice was issued he was paid excess of Nu. 1, 24,680

During his promotion from P5 to P4 in 2018 there is an error in his pay fixation and moreover his teaching and housing allowance are also fixed wrongly and till August he was paid higher by Nu. 29,400.

Following table shows his present pay given in error column and the pay calculated if his increment is withheld in corrected column.

Table 1

Basic Pay	8930-180-11630	9470			
Year	Error	Corrected	Difference		Total
1/1/2006	Nil				

1/1/2007	9650	9470	180	180*12	2160
1/1/2008	9830	9470	360	360*12	4320
1/1/2009	10010	9650	360	360*12	4320
Promotion	9855-200-12855				
1/1/2010	10455	9855	600	600*6	3600
Pay Revision	13305-265-17280				
1/7/2010	14365	13305	1060	1060*6	6360
1/1/2011	14630	13570	1060	1060*12	12720
1/1/2012	14895	13835	1060	1060*12	12720
1/1/2013	15160	14100	1060	1060*12	12720
1/1/2014	15425	14365			
Promotion					
1/1/2014	14460-290-18810				
	15910	14750	1160	1160*6	6960
Pay Revision	17495-350-22745				
1/7/2014	19595	18195	1400	1400*6	8400
1/1/2015	19945	18545	1400	1400*12	16800
1/1/2016	20295	18895	1400	1400*12	16800
1/1/2017	20645	19245	1400	1400*12	16800
1/1/2018	20995	19595			
				Total	124680

Table 2 Pay calculations for the year 2018

Promotion	21370-425-27745				
	Error	Corrected	Difference		Total
1/1/2018	23995	21370	2625	2625*8	21000
Teaching and HA	4800	4275	525	525*2*8	8400
				Total	29400

Recommendation

If it is not because of his disciplinary action, the payment to him till 2017 was not a problem but after mentioning it clearly in the service book, still then the HR of the Thimphu Dzongkhag has released the increment. Because of this increment he was paid excess of Nu.1, 24,600 till 2017 and it is up to the Management whether to waive off or recover from him since it was clearly a mistake from HR during that time and also some fault is there on his side for not following up.

But the error in pay fixation, during his promotion from P5 to P4 in the year 2018 shown in Table 2, the official concerned need to revise his pay as per the pay notification and need to recover excess payment of Nu.29, 400 till August 2018.

Service book section 5- employment history not updated and some documents from personal file are missing

Service book is considered as one of the important document for the Government and it should be well maintained and should be updated. For instance date of appointment, pay scale, reasons for change, office order no and date, etc should be updated in the employment history section of the service book as and when such changes are affected with seal and signature of the head of office. But IAU observed few cases where the service book of some employee is incomplete from its initial appointment, For instance the information of an employee (EID 200301148) was not updated even after transfer till year 2011 but was updated thereafter. And also there were few cases where pay fixation statement/documents are not available or missing from the personal files.

Recommendation

Service book is an important document as it can serve as records keeping, even if the documents from the personal file are misplaced. Thus it is advisory to keep the service book updated and well maintained.

Reference

1. Pay Revision Notification 1996-2014.
2. Pay Scale from 1998 – 2014.
3. Allowance order 2014
4. BCSR 2010, 2018