



ANNUAL REPORT

2020 - 2021

UNITED
AGAINST
CORRUPTION



सङ्घीय मामला तथा स्वतन्त्रता
ACC
ANTI-CORRUPTION COMMISSION



"One of the key attributes that will set us apart from others is the value of integrity. We must be a nation of honest, reliable and trustworthy people."

His Majesty's Address on the 14th RUB Convocation, 2019

*V*ISION

To strive towards building a happy, harmonious and corruption free society.

*M*ISSION

To eliminate corruption through leading by example, achieving excellence in partnerships, and mainstreaming anti-corruption strategies/measures in public/private organizations.

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Introduction

The year 2020 marked the 15th anniversary of the Anti-Corruption Commission (ACC) since its establishment on 31st December 2005. The year was also a period of ‘Change’ for the ACC, as an institution, and its staff. Firstly, there was change in leadership with the completion of the term of the second Commission, Chairperson Kinley Yangzom and Commissioners Jamtsho and Ngawang Pem. The third Commission comprising Chairperson Deki Pema, Commissioners Jamtsho and A Karma Rinzin were appointed by Royal Decree of His Majesty the Druk Gyalpo on 14 October 2020. Secondly, the COVID-19 pandemic demanded the ACC to adapt and cope with the challenges and exigencies of the situation.

The pandemic dominated the local, national, regional, and global events creating unprecedented humanitarian and economic crisis with multifaceted implications to societies. Besides the threat to public health and the social and economic disruptions, the pandemic also greatly challenged governance institutions in the effective and efficient delivery of its mandates. The ACC was no exception with the pandemic undermining the momentum of its functions, be it in detecting or preventing corruption, during the reporting period, i.e. from January 2020 to June 2021.

The travel restrictions, lockdown, work from home and limitations for face-to-face contact exacerbated the extreme uncertainty and the conventional techniques and procedures of the ACC’s core functions. To ensure minimal disruptions in its functions, the ACC revisited its strategies and plans to prioritize and adapt to the new normal. In the reporting period, the ACC’s focus mostly had to be shifted to what could be done in-house and remotely – minimizing contact with stakeholders or clients in keeping with the precautionary measures of the Government to prevent the spread of the virus. In this regard, ICT was used extensively to support remote working and collaboration with stakeholders. In fact, technology became the best alternate mode of delivering the functions of the ACC with continuous adaptation and adjustment in its approaches as well as procedures.

During the reporting period, the ACC continued to educate and engage various target groups from schools and colleges to government agencies, private sector and civil society organizations through virtual sessions. Further, to enhance awareness and collective spirit in fighting corruption, the ACC introduced new programmes such as Civil Society Engagement Programme; integrity education for Early Childhood Care and Development (ECCD); and general advocacy on electoral corruption. The ACC also commenced works to upgrade the existing e-learning

courses on Ethics and Integrity, and enhance the online Asset Declaration (AD) and Complaints & Investigation Management Systems (CIMS). Other key initiatives of the ACC during the reporting period was the launch of alternate mode of lodging corruption offenses and analysis of actions taken on complaints against Local Government (LG) officials. The adoption of social media platform, *Juenlam ACC*, further enhanced accessibility in reporting corruption besides complementing other modes of complaints and since its launch in February 2021, a total of 30 complaints (6.7%) have been lodged to the ACC.

While technology substantially helped in delivery of education and awareness services, it did not ameliorate the delivery of the prevention and investigation functions. The nature of investigation and prevention functions entailing travel, in-person contact, and conventional procedures to gather, verify and analyze information, was contrary to the public health measures put in place by the Government against the pandemic. Moreover, conducting interviews and interrogations virtually were not practical in view of the procedural justice and rule of law. While interviews of some witnesses could be conducted using virtual platforms, it was not feasible for interviewing key suspects. Hence, the ACC lost substantial time, particularly in the year 2020, affecting its responsiveness and effectiveness. For instance, the average turnaround time (TAT) for investigation for the Financial Year (FY) 2020 – 2021 increased to 72.4 days from 65.8 in FY 2019 – 2020. Further, as against 25 cases completed in 12 months in the year 2019, only 27 cases were completed in 18 months, with investigation turnover of 50%. Nonetheless, the ACC maximized the disruptions by initiating desk review on 35 complaints that were qualified for investigation. The caseload for the reporting period was 54 as compared to 2019 (50) and 2018 (39).

While the core functions and planned activities were hindered, the ACC undertook other support but important activities such as reviewing internal manuals/procedural guidelines; conducting in-house professional development or experience sharing programs; developing in-house communication and monitoring systems and applications like decision tracking application, among others. An important lesson for the ACC with the current pandemic has been to harness the opportunities of ICT to promote effectiveness, efficiency, and sustainability of anti-corruption measures.

The pandemic has changed working practices, accelerated greater use of technology and increased reliance on digital data. The rapidly advancing society will not only present increasingly sophisticated corruption offenses but will also challenge the ACC with dynamics of Volatile, Uncertain, Complex and Ambiguous (VUCA)

environment. Hence, the annual targets have been prepared in keeping with future corruption vulnerabilities or unprecedented crisis like the current pandemic either through automation of key services or enhancing processes and procedures to shift from the conventional practices.

Nonetheless, while COVID-19 pandemic has aggravated corruption globally, Bhutan's international standing in the fight against corruption has improved as per the Transparency International's Corruption Perceptions Index (TI-CPI) from 25th in 2019 to 24th in 2020. Since 2012, Bhutan has improved its rank and score significantly. However, the score of 68 has been constant for the last three years.

This Annual Report 2020 – 2021 is the 14th report of the ACC and the first report of the third Commission being submitted to His Majesty The Druk Gyalpo, Prime Minister and Parliament as per Article 27 (4) of the Constitution of the Kingdom of Bhutan and Section 169 (1) of the Anti-Corruption Act of Bhutan (ACAB) 2011. Unlike the past Annual Reports, this report covers performance for the period of 18 months, from January 2020 to June 2021. This is as a result of change in the reporting period of the ACC's Annual Report from Calendar Year to Financial Year to align performance with targets/plans, budgeting and evaluations frameworks. Hereafter, the ACC's report will be presented on the Financial Year basis.

The report has four sections, excluding the introduction and conclusions, as follows:

SECTION 01

PERFORMANCE

This section presents the ACC's performance in combating and preventing corruption and simultaneously strengthening the ACC as a strong, credible and effective institution. The section also presents analysis of Bhutan's international standing in the Transparency International's Corruption Perceptions Index 2020.

SECTION 02

ORGANIZATIONAL OUTLOOK

The section presents an overview of the ACC: the organogram, staff and culture.

SECTION 03

RESOLUTIONS OF PARLIAMENT

This section reports on the implementation status of the Parliamentary Resolutions on the ACC's Annual Report 2019.

SECTION 04

MOVING FORWARD

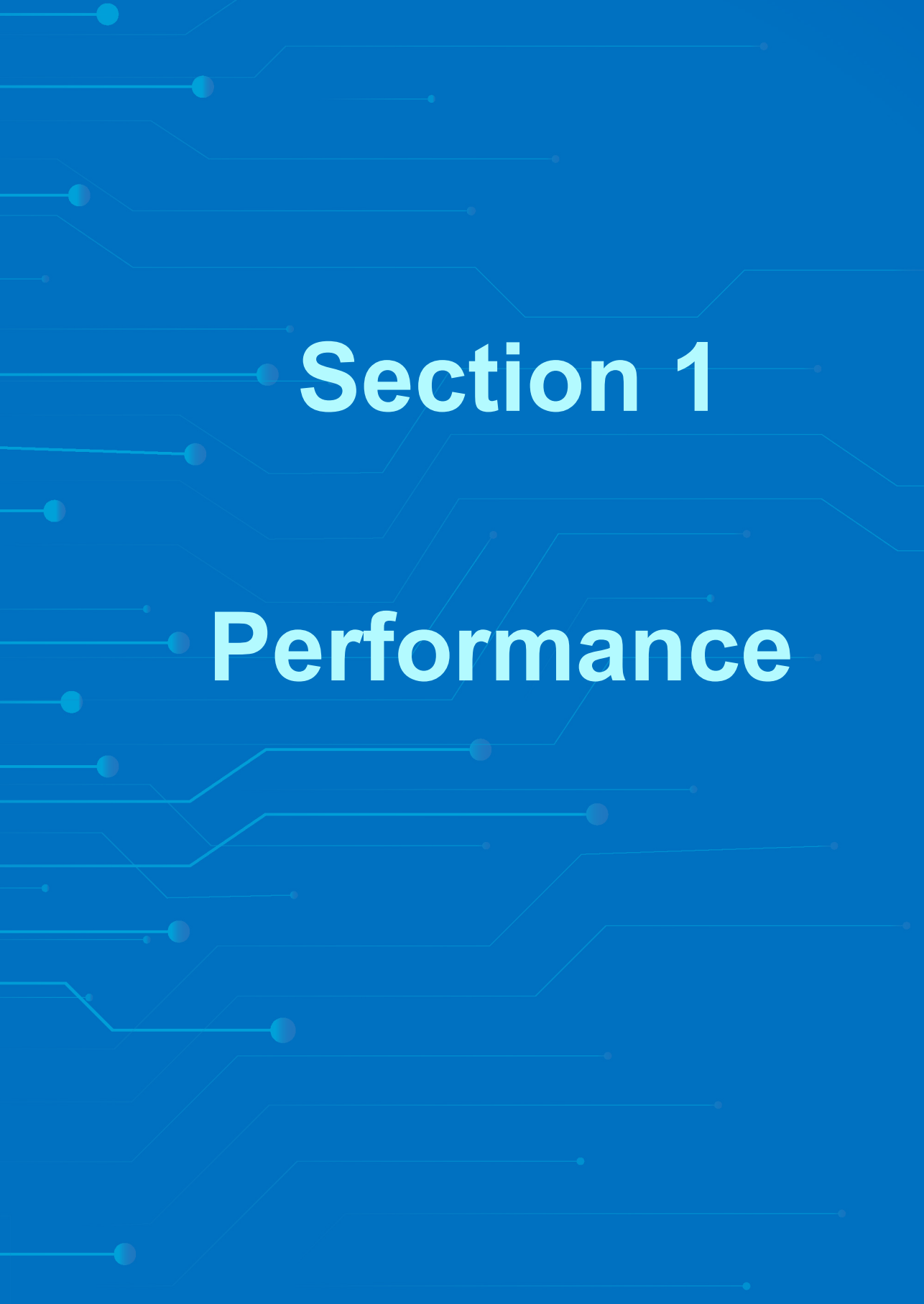
The section presents the outlook in terms of moving forward to realize the vision of happy, harmonious and corruption free society.



Reinforcing anti-corruption
resolve with
Renewed Leadership

*Commemorating FIVE YEARS
of leadership & wisdom in the
fight against corruption*





Section 1

Performance

This section presents the ACC's performance towards combating and preventing corruption through strategic focus on its core mandate of education, prevention and investigation and simultaneously strengthening ACC as a strong, credible and effective institution. The section also presents an analysis of Bhutan's international standing in the Transparency International's Corruption Perceptions Index 2020.

1.1. Public Education

1.1.1. Building an informed and awakened citizenry through general awareness and advocacy

a) Interactive and Thematic Sessions

To build an informed and awakened citizenry, the ACC continues to conduct advocacy and awareness programs and thematic sessions for a diverse group of audiences. In the reporting year, a total of 13 interactive sessions and 11 thematic sessions were conducted virtually and in small cohorts adhering to COVID-19 protocols. A total of 1,827 (1,160 male and 667 female) participants from schools, colleges, government agencies, private sector and civil society organizations (CSO) attended the sessions.

As a part of the Justice Sector Programme 2018 – 2023, towards strengthening transparency, accountability and integrity measures in justice institutions and law enforcement agencies, the ACC with the support of the Austrian Development Agency (ADA) conducted thematic sessions on “*Sustaining Trust and Confidence in Traffic Regulations and Services*” for the officials from the Road Safety and Transport Authority (RSTA) and Traffic Division of Royal Bhutan Police (RBP). The details of the advocacy and interactive sessions against the institutions covered are shown in **Table 1.1**.



BUILDING CORRUPTION
Resilient Society

Table 1.1: Session conducted from January 2020 – June 2021

SN	Target Group	Number of Sessions	Number of Participants	Institutions Covered
Interactive Sessions				
1	General Public and Local Government officials	1	53	Thromdes: Phuentsholing, Samdrup Jongkhar, Gelephu and Thimphu
2	University Graduates, Students and Staff in Schools/University	4	1,048	Royal Institute of Management (Technical graduates)
				20 Schools with Integrity Club (Integrity Club members)
				Gyalpozhing College of Information Technology
3	Government Agencies; Corporate Sector; Civil Society Organization; and Private sector	8	206	Department of Immigration, Ministry of Home & Cultural Affairs (MoHCA)
				Staff of Banking Sector at Financial Institutions Training Institute Ltd.
				Bhutan Transparency Initiative
				Bhutan Media & Communication Institute
				Gangjung Driving Training Centre
				RIGSS Leadership Program participants (BEST-8, SLDP-1)
Thematic Sessions				
1	Engineers, and officials of RSTA and RBP Traffic Division	11	520	RSTA and RBP
				Local Government (LG) Engineers of Samtse and Chhukha Dzongkhags

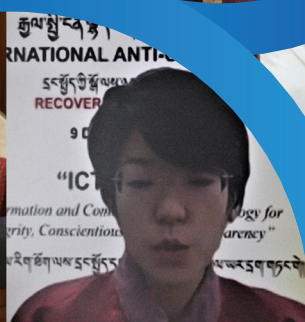
b) Information, Education and Communication (IEC) Materials

Supplementing the awareness programs, the ACC continues to develop IEC materials that are supported by analysis to deal with corruption issues and anti-corruption measures. In the reporting year, four IEC materials were developed. The infographic on ‘*Spiritual Perspectives on Ethics, Integrity and Professionalism*’ highlights the importance of ethics and integrity in daily workplace environments from spiritual perspective. Three videos were developed by Gyalpozhing College of Information Technology (GCIT), towards leveraging ICT innovations to

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INTERNATIONAL ANTI-CORRUPTION DAY

9 December 2020



WE CANNOT
BUILD AN ECO-
NOMY WHERE
CORRUPTION
THE WORK-
ING CAPITAL
-FEIBUARI
SAY NO
TO
CORRUPTION

promote integrity, accountability and transparency. This is a stepping-stone for collaboration between the two institutions in enlisting youth's support in fighting corruption.

Further, an infographic on corruption in electoral process is jointly being produced by the ACC and Election Commission of Bhutan (ECB). This is in line with one of the resolutions of 26th Session of National Council on the ACC's Annual Report 2019, highlighting the need for sensitizing the general citizen on the electoral-related corruption.

c) Engagement of Media for wider awareness

Recognizing the vital role of Media in sustaining the ACC's initiatives to build an awakened citizenry, the Policy on the ACC's Media and Communication, and the related *Guidelines on Print and Broadcast Media, Media Crisis Management and Social Media and Website* were adopted during the reporting period. Accordingly, the ACC instituted the media management team, sensitized media on the policies & guidelines including virtual session on "*Myths VS Facts*" about the ACC and its functions.

Despite the conscious efforts from the ACC to garner support from the media to accord focus on all three functions of prevention, education and investigation, the response is still perfunctory with majority of the news coverage in the media being related only to the investigative function. This is also being corroborated by the findings of the National Corruption Barometer Survey (NCBS) 2020, which states that the effectiveness of media in fighting corruption is only at average level thereby recommending to enhance the capacity of media.

d) International Anti-Corruption Day (IACD)

To reinforce public awareness on corruption issues, Bhutan joined the international community to commemorate the 17th IACD on the international theme "*RECOVER with INTEGRITY*" calling for enhanced integrity to recover swiftly from the COVID-19 crisis on 9 December 2020 and the national theme on "*ICT for ICT*" (Information and Communications Technology for Integrity, Conscientiousness and Transparency).

Accordingly, two programs viz. a debate competition on the topic '*ICT as a tool to fight Corruption*' at GCIT; and experience sharing session titled '*Knowing ACC Better, Ethics, Integrity and Professionalism, and Youth Integrity Initiatives*'



RIGSS

Session Overview

- Introduction (10 minutes; 1:30 – 1:40)
- **Corruption** (20 Minutes; 1:40 – 2:00)
 - Scenario
 - Genesis
- Ethics and integrity (30 minutes; 2:00 – 2:30)
 - Critical perspectives
 - Professionalism
- Ethical issues in managing ethical dilemmas (5 Minutes; 2:30 – 2:35)
 - Group activity (10 minutes; 2:35 – 2:45)
 - Presentation (20 minutes; 2:45 – 3:05)
- **Tea Break** (30 minutes; 3:15 – 3:45)
- National context (35 minutes; 3:45 – 4:20)
- Ethics (15 minutes; 4:20 – 4:35)
- Summary (25 minutes; 4:35 – 5:00)



Connecting

school leaders to further

anti-corruption campaign

among 494 club members and coordinators of 20 Integrity Clubs were organized to highlight the use of Information and Communications Technology (ICT) in promoting integrity and anti-corruption measures during as well as post-pandemic. The Resident Representative of the United Nations Development Programme (UNDP) joined the Commission in underscoring the importance of the Day.

1.1.2. Inculcating values of integrity, discipline and professionalism through Youth Integrity Program

Empirical studies indicate that the intrinsic cause of corruption is due to the degeneration of moral values. To this, embedding values of integrity, discipline and professionalism in schools and institutes through the development and implementation of appropriate curricula and other anti-corruption programs have always been one of the priorities of the ACC.

In the reporting year, towards producing honest and disciplined generations, the ACC developed a comprehensive Youth Integrity Program (YIP) in consultation with agencies involved in the planning and delivery of education and training programs for the youth as well as the children in the Early Childhood Care and Development (ECCD) Centre and out-of-school youth. The following are some of the initiatives undertaken during the reporting year:

a) Integrity Clubs

As reported in the Annual Report 2019, and considering the positive outcome of the existing 10 Integrity Clubs, the ACC in collaboration with the Ministry of Education (MoE) instituted Integrity Club in ten more schools taking the total to 20 clubs, one in each Dzongkhag. Due to the pandemic, the schools were not able to implement all the club activities as planned. Considering the positive views and feedbacks from the stakeholders, the ACC plans to expand the initiative, including exploring opportunities to mainstream integrity through existing platforms such as the SUPW and developing programs that could be implemented through existing Clubs in the schools. As of June 2021, a total of 1,546 students (675 boys and 871 girls) were enrolled as club members.

b) Introduction of Integrity Education for ECCD Children

Building a culture of integrity in a society essentially begins with the education of young people before their tender and susceptible minds are exposed to unethical acts. Towards this, the ACC in collaboration with ECCD and Special Education Needs Division of MoE, developed the Integrity Education Handbook – *Developing Accountable, Moral, Trustworthy and Successful Individuals (DAMTSI)* for ECCD Facilitators. The handbook comprises of wide-ranging activities such as games, rhymes, creative arts, stories and songs for both children and parents to instill values such as honesty, responsibility, and fairness among the young children. After the training of trainers, the program will be rolled out accordingly in all the centers.

c) Module on Ethics, Integrity, and Professionalism for Technical and Vocational Education & Training (TVET) Institutes

Towards enhancing credible and positive work culture by renouncing unethical acts, the ACC in partnership with the Ministry of Labor and Human Resources (MoLHR) developed a module on Ethics, Integrity and Professionalism for TVET institutions in 2019. Due to COVID-19 restrictions, the training of trainers was conducted virtually, involving two lecturers from each institute. The module is expected to roll out in the upcoming academic session.

d) Value education curriculum for classes PP to XII

The ACC collaborated in developing Value Education Curriculum for classes PP to XII and National Youth Policy and Action Plan in collaboration with the Royal Education Council (REC) and MoE respectively. While integrity and anti-corruption education is a small component, the above frameworks are expected to play a critical role in infusing values of integrity among the youth to nurture a generation that espouses universal values over anything else.

1.1.3. Promoting ICT enabled learning platforms through e-Learning Course on Ethics and Integrity

The rapidly advancing technology is reshaping the modes of communication and educational programs ensuring greater accessibility and effectiveness. In the last few years, the ACC in collaboration with the Royal Civil Service Commission (RCSC), Royal Institute of Management (RIM), Royal Court of Justice (RCoJ),

National Assembly and National Council had developed three online courses on ethics and integrity management. The course for civil servants was launched in 2011 and similarly the courses for parliamentarians and justices/judges were introduced in 2014 with the support of DANIDA. Of the 19,737 civil servants against the 23,968 (civil servants above S5 level) who enrolled for the course, 14,881 had successfully completed as of 31 March 2015. Similarly, out of 61 & 69 registered parliamentarians and justices/judges, 51 & 8 parliamentarians and justices/judges completed the course respectively. Given the prospective of e-Learning courses in enhancing integrity consciousness among the citizen, the above courses were reviewed by the ACC in consultation with RIM and RCSC.

The review highlighted limitations related to the above courses, including lack of ownership by the implementing agencies, poor compliance, and absence of corresponding accountability measures. Of the five target audiences (Civil Servants, Corporate Employees, Elected Officials, Judges/Justices, and participants of *Gyalsuung*) identified, the ACC in collaboration with the RCSC and Royal University of Bhutan developed the e-Learning course content for civil servants. The course will be launched towards the end of 2021 and development of remaining course contents is targeted to be completed by the end of the 12th Five Year Plan (FYP).

1.2. Prevention

1.2.1. *Developing accountable and transparent systems and processes through implementation of Mandatory Indicators and Organizational Integrity Plan (OIP)*

This is the second year of implementation of the National Integrity & Anti-Corruption Strategy (NIACS) 2019 – 2023. Towards fostering strong coalition against corruption, the NIACS requires all agencies, both public and private, to implement anti-corruption activities, which is collectively referred to as the ‘OIP’. With regard to government budgetary agencies, the OIP is implemented in the form of Mandatory Indicators by incorporating in the respective Annual Performance Agreement (APA)/Annual Performance Targets (APT) of the Government Performance Management System (GPMS), whereas corporations, media and CSOs implement the OIP by incorporating in their respective annual plans/compacts. Accordingly, all these agencies are evaluated every year and the OIP implementation score is generated.

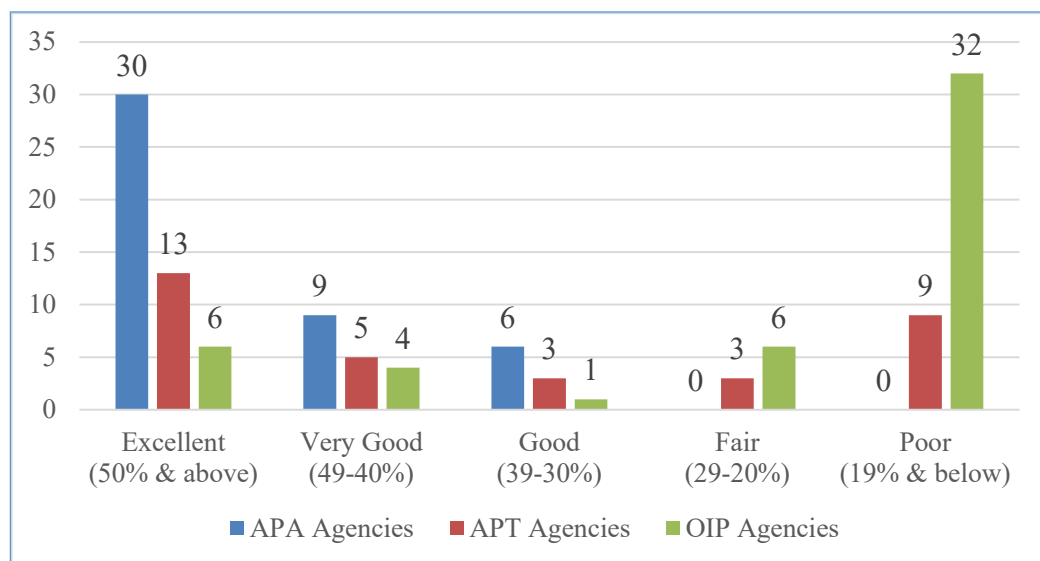


Figure 1.1 : OIP implementation score by agency type

During the reporting year, the ACC evaluated the OIP implementation of 127 agencies for the FY 2019 – 2020, in collaboration with the National Technical Committee (NTC) led by the Government Performance Management Division (GPMD). Based on the scope of mandate, the NTC evaluated 59 agencies and remaining 68 agencies were evaluated by the ACC. In view of the COVID-19

restrictions, the evaluation was conducted remotely through desk assessment. As shown in the **Figure 1.1**, agencies (like the corporation, media and CSOs) that do not assign performance weightage for integrity and anti-corruption activities are found to be doing comparatively poorly in the OIP implementation.

Similarly, for the FY 2020 – 2021, OIP comprising of six activities were assigned as mandatory indicators to all the agencies. To facilitate the agencies in implementing the activities, trainings for 204 OIP focal persons and key officials from 127 agencies (Ministries, Dzongkhags, Thromdes, Autonomous Agencies and CSOs) were conducted in seven batches virtually from 23 November to 1 December 2020. In view of the critical role of the leadership in driving integrity and the anti-corruption agenda in the agencies, the ACC conducted virtual sessions with 68 Heads of Agencies from the Ministries, Dzongkhags, Thromdes, Autonomous Agencies, Corporations, Media, and CSOs from 29 to 31 March 2021 in five groups. The evaluation of the OIP for the FY 2020 – 2021 will be conducted in July 2021.

1.2.2. Mainstreaming risk-based integrity measures in public sector through Corruption Risk Management (CRM)

Following the integration of the CRM in the functions of Internal Auditors (IAs), the ACC conducted training on the CRM to 36 IAs from Ministries, Dzongkhags, Thromdes and Autonomous agencies to strengthen their capacity in conducting regular corruption risks assessment. As an outcome of the training, 30 action plans to conduct CRM in one of the vulnerable areas (procurement, engineering, accounts, among others) in their respective agencies were submitted to the ACC. Accordingly, in the reporting period, four CRMs were conducted respectively by the IAs of Ministry of Forests and Agriculture (MoAF), Ministry of Foreign Affairs (MoFA), Ministry of Health (MoH) and Samdrup Jongkhar Thromde. Key findings and recommendations of the risk assessment exercises were as given in the **Table 1.2**.

Promoting systems of
Integrity, Transparency
& Accountability



Table 1.2: Key findings and recommendations of CRM in four agencies

SN	Agency	Area	Key Recommendations
1	MoAF	Agriculture Engineering Division, DoA	<p>Increase the number of committee members (Evaluation and Tender), transfer the responsibilities to relevant office/officials with regards to procurement of contracts, and constitute a committee to timely monitor the ongoing construction works.</p> <p>Issue an office order to comply with the guidelines and submit all the necessary documents to independently cross check the worthiness of the given score by the endorsing officer concerning the Award of Average Performance Score (APS).</p>
2	MoFA	Passport and Mission Consular Services Division	<p>Conduct regular monitoring of issuance of Passports and Travel Documents by Head of Department/ Division.</p> <p>Declare Conflict of Interest by the Tender Committee mandatorily.</p>
3	MoH	Health Infrastructure Development Division	<p>Provide sufficient time for designing and build technical capacity to reduce the risk of mismatch between planning, designing and execution.</p> <p>Define proper project scope and provide sufficient time for estimation to reduce the risk of mismatch between the budget forecast and the actual expenditure.</p> <p>Involve experienced personnel and train relevant officials to reduce the risk of inefficiency in preparation of tender documents.</p>
4	Samdrup Jongkhar Thromde	Procurement Section	<p>Form Goods Inspection Committee.</p> <p>Sign the Integrity Pact with all the tenders from 2021 – 2022 and take lawful actions against those who supply counterfeit items.</p> <p>Enforce Conflict of Interest strictly for every tender evaluation and awarding committee. Take disciplinary actions against those who fail to declare conflict of interest.</p>

Further, during the reporting period, the implementation status of the CRM action plan by Local Governments (Gewogs) and REC were reviewed and the progress stands at 81.0% and 71.0% respectively.

1.2.3. Facilitating evidence based systemic improvement through system studies and researches

a) National Integrity Assessment (NIA) 2019

The NIA 2019, fourth of its kind, was conducted in collaboration with the National Statistics Bureau (NSB) and has been developed on the past three NIA frameworks. The NIA, in general, is an assessment of whether, in an agency, a public official follows standard procedures in providing services in a fair, transparent, and accountable manner. It assesses both experienced and perceived conditions of services delivered by the public agencies for a particular FY. The reference period for the NIA 2019 is the FY 2018 – 2019. Towards continuously ensuring the relevance, the assessment of ethical leadership practices in the public agencies was also developed and included in the NIA 2019 through consultation with key stakeholders.

The public agencies and services are selected for the assessment based on their vulnerability to corruption and importance to socio-economic development. The NIA 2019 covered 11 different categories of agencies comprising 272 different types of services from 96 agencies. A total of 13,869 respondents comprising 9,861 service users (External Clients) and 4,008 service providers (Internal Clients) were covered. Similarly, 335 complaints received by the ACC in the FY 2018 – 2019 were also analyzed. The NIA 2019 report was launched on 24 June 2020.

The NIA uses a scale from Zero to 10 where zero is highly corrupt and 10 is very clean. The NIA 2019 national score is 7.97 as depicted in **Figure 1.2**, indicating a Good Level of integrity. At the national level, the score indicates that agencies are making efforts and undertaking initiatives to improve organizational integrity. However, the target score for the 12th FYP is 8.5 and the agencies should implement the recommendations and strive to improve public service delivery to achieve the target.

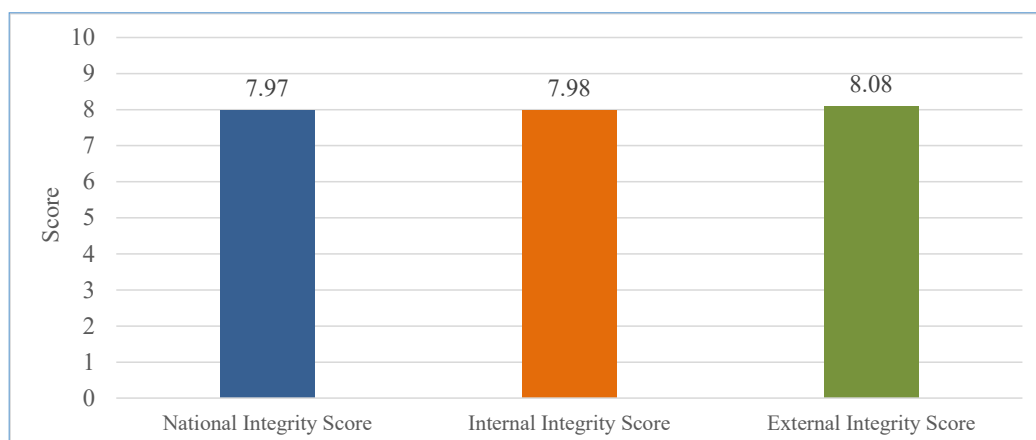


Figure 1.2 : National Integrity score with an External and Internal Integrity score

The **External Integrity** score of 8.08 indicates a ‘Very Good’ level of integrity by the service users. However, deeper analysis shows weak accountability culture in the form of public officials ignoring official duties, abuse of functions, and ineffective grievance redressal mechanisms. On the other hand, **Internal Integrity** scored 7.98 indicating only ‘Good’ level of integrity. Some of the factors affecting the score were due to low scores on public officials ignoring official duties to pursue a private interest; protection of whistleblowers; and disciplinary actions against wrongdoings, trust, fairness, among others under the Integrity, Work & Ethical Leadership Index.

For comparison of the NIAs (2009, 2012, 2016 & 2019), a separate integrity score excluding the Ethical Leadership Index (as the component was not assessed before) from the NIA 2019 was generated. The scores represent a fluctuating trend where the highest score was noted in 2012 (8.37), followed by 2019 (8.01), 2016 (7.95), and least in 2009 (7.44). The trend is similar in the case of **External Integrity** but the **Internal Integrity** scores show a positive trend with the highest noted in 2019 (8.14).

In all the NIAs, the perception of corruption and the ACC’s performance were assessed. The majority of the respondents feel that corruption is ‘Quite Serious’ in Bhutan and has increased over the last five years. In terms of the ACC’s efforts in preventing and combating corruption, there is a decline in the percentage of respondents for ‘Doing Very Well’ over the years. Some of the recommendations emanating from the NIA 2019 were to:

- Develop and implement service delivery standards including its awareness to service users and employees;
- Strengthen ethical leadership;
- Strengthen Community Information Centers (CIC);
- Enhance front desk or reception information services;
- Strengthen e-services;
- Enhance implementation of OIP;
- Strengthen mechanisms to address administrative complaints;
- Improve monitoring and supervision mechanism; and
- Manage feedback and grievances.

Since the NIA scores are used as baseline indicators to assess the 12th National Key Result Area (NKRA) ‘Corruption Reduced’ and its corresponding indicators in the 12th FYP, the ACC produced 76 agency-specific reports considering the representativeness of the responses and respondents’ confidentiality. This includes the agency-specific reports for 10 ministries, four constitutional offices, 16 autonomous agencies, 20 Dzongkhags, four Thromdes, two regional referral hospitals, 14 corporate agencies and six financial institutions. On top of that, six category of reports for the Judiciary, Central Schools, Gewogs, Autonomous agencies, Corporations, and Hospital/BHUs were also produced.

The findings and recommendations of the agency-specific reports were disseminated to 1,248 officials from the respective agencies, starting with the National Assembly and National Council on 14 and 15 April 2021 respectively. The next NIA will also cover the two Houses, as recommended by the Hon’ble Members during the above sessions. Further, in collaboration with the RCSC, ethical leadership assessment will be conducted annually to facilitate implementation of Support Functions Assessment (SuFA) as part of gauging effective and high performing senior civil servants.

b) System study on driver training, assessment and licensing system

The system study was conducted in 2019 and its implementation status of the recommendations as of June 2021 is as shown in the **Table 1.3**. The terminal follow-up that was delayed due to COVID-19 pandemic will be completed in the FY 2021 – 2022.

Table 1.3: Implementation status of the recommendations in percentage

Agencies	%
Road Safety & Transport Authority, Ministry of Information & Communication (MoIC)	42.11
Department of Occupational Standards, MoLHR	70.45
Private Driving Training Institutes/Schools	86.40

Towards enhancing the quality of anti-corruption measures recommended by the ACC through various reviews/studies, existing anti-corruption tools are being consolidated and integrated to ensure *whole-of-systems* approach in plugging systemic loopholes. The adapted tool called Integrity Assessment and Management (IAM) will be piloted in some of the selected agencies before its adoption. Further, the ACC instituted an internal Prevention Advisory Committee (PAC) in December 2020 to reinforce the prevention programs with constructive feedback and diverse inputs.

c) Analysis on the enforcement of administrative actions

The ACC analyzed actions taken on the complaints against LG to streamline the enforcement of administrative actions. Besides this, the analysis is expected to facilitate in determining scope for upcoming systems study on Community Contracting Protocol (CCP) and impact assessment on Social Accountability initiatives.

Against the total number of 451 complaints shared for action, between 1 January 2017 to 31 April 2021, 261 complaints pertained to the LG. In terms of area of alleged corruption offence, farm road (almost 45%) was the most alleged followed by community contributions/donations (almost 25%) and procurement. Some of the alleged corruption offences were abuse of function, conflict of interest, unethical practices, and lack of transparency & accountability.

The analysis revealed that most of the actions taken by the agencies are either inconsistent or deemed baseless. In cases where actions were enforced, highest penalty included reprimand only with few exceptions of the cases that were forwarded to the RCoJ. Such leniency in enforcing action against LG officials not only resulted in poor deterrence but also contributed in repetitive complaints against the LG. To this, based on the above findings, it recommended to immediately develop and implement an ethical code of conduct for LG officials.

1.2.4. Promoting ethical businesses through Business Integrity Initiative of Bhutan (BIIB)

BIIB is a comprehensive program that aims to strengthen anti-corruption regime in the business firms and in turn facilitate the businesses to certify ISO 37001:2016 Anti-Bribery Management System Standards. The program is being spearheaded by the Task Force comprising of members from the Ministry of Economic Affairs (MoEA), Ministry of Finance (MoF), MoLHR, Royal Monetary Authority (RMA), Bhutan Chamber of Commerce and Industry (BCCI) and Construction Development Board (CDB). During the reporting period, the ACC adopted 'BIIB Guide' in June 2020 to facilitate effective implementation and completed second round of integrity assessment using Self Evaluation Tool (SET) in three BIIB signatory companies (viz. Natural Resources Development Corporation Ltd., Dungsam Polymers Ltd., & Wood Craft Centre Ltd.) in addition to five companies administered in the previous reporting period. The second round of SET for the remaining eight BIIB signatory companies will be conducted in the next FY. As part of the BIIB, most of the signatory companies have developed and adopted specific Business Code of Conduct.

In addition, the Task Force sensitized 368 business firms and contractors (small, medium or large) on the BIIB and its benefits of implementing. However, despite rigorous effort, the response so far has been insignificant. Moreover, it has been challenging to convince the private sector to adopt the BIIB due to lack of incentives, fear of legal/financial implications, weak private association, among others. Nonetheless, with regard to incentivizing the companies, a proposal has been finalized and is being consulted with relevant agencies for implementation. Besides this, introducing ISO 37001 in collaboration with the Bhutan Standards Bureau as one of the interventions under the BIIB is being explored. By the end of the 12th FYP, the ACC targets to increase the private companies as signatory to the BIIB to at least 10.

1.2.5. Promoting governance, social accountability & civil society through CSO Engagement Programme

As reported earlier, with the support from the UNDP country office, the ACC adopted CSO Engagement Programme in early 2020 to strengthen internal control mechanisms in the CSOs and accordingly capacitate to augment the efforts of promoting anti-corruption and justice in the community. Programmes include regulating CSO dynamic accountability framework, raising awareness on anti-

corruption & justice programs, implementing OIP, monitoring public procurement and contract, among others. Moreover, the programme intends to build on the NIACS and Justice Sector Strategic Plan (JSSP) 2018 – 2023, which solicits involvement of more groups such as youth, community-based organizations, among others, to reduce corruption and strengthen justice services.

1.2.6. Preventing illicit enrichment through Asset Declaration and Management

Since 2006, the ACC adopted Asset Declaration (AD) that mandates every public servant to declare their personal assets, income and liabilities as well as those of their spouses and/or dependents as per Section 38 (1) of Anti-Corruption Act of Bhutan (ACAB) 2011. As of 2020, the total declarants have increased to 24,508 public servants from 24,084 in 2019, which is further categorized into Schedule I (675) and II (23,812) public servants based on the vulnerability. The compliance rate for 2020 was 100% and 99.9% for Schedule I and II respectively bringing the overall compliance rate to 99.9% (**Table 1.4.**). The increase in compliance rate can be attributed to the deadline extension given to the declarants due to the COVID-19 pandemic, strict enforcement of AD Rules, regular trainings for Asset Declaration Administrators (ADA) and enhanced awareness among declarants.

Table 1.4: AD Compliance

Category	Total Covered Persons	Total Non-Declarant	Compliance Rate
Schedule I	696	0	100%
Schedule II	23,812	2	99.9%
Total	24,508	2	99.9%

All the covered persons under Schedule I declared on time (100%) as compared to 99.0% in 2019. Under Schedule II, as per the report submitted by the agencies, 99.9% of the covered persons filed on time as compared to 98.9% in 2019 with only two cases of non-declaration. The case was later dropped upon submitting reasonable justifications. The compliance rate for both Schedule I and II since 2016 is shown in **Figure 1.3.**

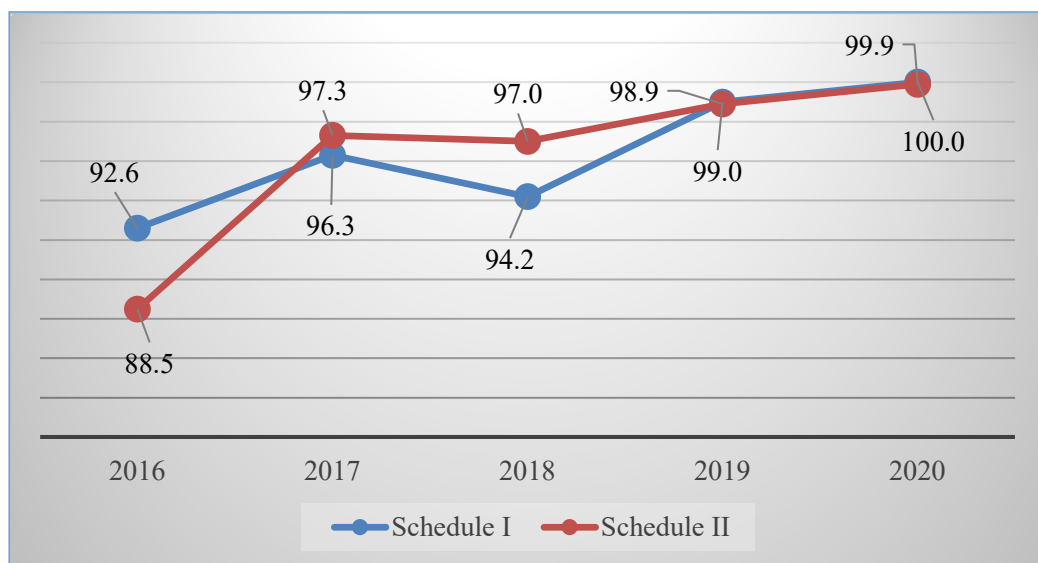


Figure 1.3 : Compliance Rate of Schedule I and II (2016-2020)

146 Disproportionate Asset (DA) cases flagged by the system under Schedule I were verified. Whereas, of the total 4538 DA cases flagged under Schedule II, only 1815 DA cases amounting to Nu. 0.20 million and above from Ministries, Dzongkhag, Thromde & Corporations, and 656 DA cases amounting to more than Nu. 0.30 million and above for other agencies were verified.

Upon verification, 2614 DA cases were dropped, one was upgraded for further information and two were recorded in the system for future reference. Further, a letter of reprimand was served against one DA case for incomplete declaration. One of the primary reasons behind such huge number of DA cases are due to negligence from the declarants.

Hence, to address operational challenges and enhance user-friendliness of the system & its efficacy, the ACC will enhance the existing online AD system including upgradation of designs & development architecture of the system and integration with other external systems. To this, a detailed need analysis and Software Requirement Specification (SRS) has been developed during the reporting period. The actual work on the system enhancement will be carried out in the FY 2021 – 2022.

1.2.7. Reinforcing anti-corruption measures through strengthened legal framework

a) Amendment of ACAB 2011

As reported earlier, the ACC had submitted, in 2019, its proposal for the amendment of ACAB in pursuance to the directives of the Good Governance (GG) Committee of National Assembly (NA). The proposed 32 amendments include the repeal and insertion of new proposals, some of which were based on the findings of the National Law Review Taskforce, the recommendations highlighted in the Country Report adopted upon review of Bhutan's compliance to the United Nations Convention against Corruption (UNCAC) and the practical experience of the ACC.

Granted an opportunity to revise the proposals, the third Commission reduced the number of sections for amendment to 20 sections and re-submitted to the National Assembly in April 2021. Eight out of the 20 proposals were either dropped by the GG Committee or not endorsed by the National Assembly during its 2021 summer session. Out of the total 40 sections amended by the august House, 28 are penal provisions that were amended to align with the Penal Code (amendment) Act 2021 and two provisions were new (not proposed by ACC) insertions pertaining to the management and administration of seized and frozen properties. The ACAB (amendment) Bill is now in the National Council (NC).

The proposals dropped by the NA-GG Committee or not endorsed by the National Assembly, of particular relevance and critical importance to step up the fight against corruption and successfully meet the ever-growing challenges of a complex and dynamic context, are as in **Box 1**.

Box 1: Brief on Amendments to the Anti-Corruption Act of Bhutan (ACAB) that were Dropped/Not Endorsed

01

Amendment proposed to Sections 8 and 28 so as to provide for the Commission to independently determine its organizational structure and regulate appointment, management and dismissal of its staff.

The Constitution guarantees independence to ACC as a Constitutional Office, and the Anti-Corruption Act 2006 also provided for the Commission to have full authority over its organisational structure and personnel. However, these

were brought under the ambit of the RCSC and the Civil Service Act during the enactment of the Civil Service Act in 2010. Subsequently, during the amendment of the Anti-Corruption Act in 2011, the Commission's decision-making authority over its organisational structure and HR were subjected to provisions of the Civil Service Act and RCSC.

The NA-GG Committee dropped the proposal for amendment and did not submit for deliberation by the House. The reasoning was that it would be considered with the overall civil service reform and HR independence of all Constitutional offices, not only ACC, would need to be considered. In this regard, it is to be noted that (1) there is pressing need for changes to be made to the organisational structure, functional and operational strategy, in which human resources is a key component. This is of vital importance for the ACC to step up to the challenges and opportunities of the hour and truly fulfil its mandate; (2) the separation from the Civil Service would need to be managed through phasing the transfer of those wishing to revert to the Civil Service. ACC's Competency Based Framework is good to go and would serve as the main frame for developing the ACC Service Rules, designing a sound career progression ladder and further detailing the terms of reference for the various positions; (3) the circular reasoning of impact on/to other Constitutional offices and the postponement of a decision on the grounds of addressing them all together is a never-ending cycle and needs to be stopped with a clear decision on the matter at hand; and (4) it is the right time to effect the changes to avoid the inevitable loss of time and associated costs, as amendment to the Civil Service Act, if and when it takes place, would still require amendments to the specific Act.

02

Amendment proposed to Sections 58 and 59 to remove the restriction and expand the offence of abuse of function from the existing specification of favoritism, nepotism and patronage to include other acts of commission or omission by a public servant, in violation of the laws, in the discharge of his or her functions for the benefit/advantage of oneself or another and also encompass action or inaction that cause loss to the State.

03

Amendment proposed to penalty, in Sections 61 and 62, for failure to protect public property, revenue or false claims by public servants from *finer... or value-based sentencing to misdemeanor or value-based sentencing*. The intent is to increase the gravity of such acts and the penalties thereof for deterrent effect besides bringing uniformity in the quantum of sentencing

with other acts of corruption. The amendment would also decrease the discretionary space for sentencing thereby reducing the disparity of the penalties for similar offences by different judges.

04

The existing penalty for obstruction of justice, under Section 113, is a petty misdemeanor. It is specifically proposed that the offences under the sub-sections *(1b) pertaining to assaults, obstructs, hinders or delays* lawful duty of the Commission and *(j) interferes with, puts fear into, threatens or abducts or attempts to do so* be amended from petty misdemeanor to a felony of the fourth degree. The existing grading for an offence against investigating/ACC officer, including abduction, is very low to have a deterrent effect. This would also be in alignment with the penalty set out in the Penal Code of Bhutan for abduction.

05

It is proposed to insert a new clause specifically to provide for making false statement or causing to make false statement to the Commission or lawful authority as an offence (a misdemeanor) as such acts not only interferes with the criminal procedures, often frustrating the investigation process or rendering it futile, but also undermines the criminal justice system.

06

It is proposed to insert an addition to the exceptions when the prosecution process may be taken up directly by the ACC i.e. when the Office of the Attorney General (OAG) *returns, withdraws or does not appeal* a case *without valid reason*. The NA-GG Committee did not table the proposal before National Assembly on the grounds of separation of prosecutorial and investigative powers and that the ACC should not be burdened by other functions not consistent with its primary mandate to prevent and combat corruption. In this regard, the Commission looks forward to working in close coordination with the OAG and expects the provision to be rarely resorted to but nonetheless proposes the new insertion as a check and balance measure. The past cases that have been successfully prosecuted by ACC bears evidence to the need of such measures besides the Supreme Court clearly stating that the Section 128 (3) is not *ultra vires* to the Constitution. Prosecutions under such exceptional circumstances are actually consistent with the mandate of preventing and combating corruption.

07

It is proposed to insert a new provision for a Court of Law to consider the implementation of effective anti-corruption measures as a mitigating or otherwise as an aggravating factor, in holding legal accountability of a legal

person. The intent is for it to serve as an incentive for agencies to initiate and implement anti-corruption measures proactively as these would be taken into account in case the agency faces any legal ramification. The mitigating aspect could create space for more initiative and encourage agencies to innovate while at the same time putting internal control mechanisms in place to ensure the best public interest. However, the NA-GG Committee dropped the proposal and did not table for deliberation by the House.

08

The Supreme Court had ruled that the suspension of public servants should be done by the agency concerned once the process of investigation is completed and charges pressed. These have been duly noted and amendments proposed. However, the Commission feels the need to provide for exceptions if there is greater risk of the malfeasance continuing when a public servant charged with an offence continues to serve in the same office where he/she had committed the offence. Therefore, a new sub-section is proposed to enable the Commission to suspend a public servant charged with a corrupt offense, till the outcome of any appeals, if the charges against such public servant relate to his or her current official position or office.

The NA-GG Committee had dropped the proposal and did not table for deliberation by the House on the grounds that ACC should not engage in administrative matters and be burdened by other functions not consistent with its primary mandate. However, it is the belief of the Commission that the proposed amendment to be not only consistent but also indeed important to the mandate of preventing and combating corruption.

With regard to the 28 penalty provisions amended to align with the amendment in the Penal Code, the limit on the value-based sentencing is now at the minimum wage rate for 60 years or more whereas the ACAB provided for the total amount of the minimum wage at the time of the crime for a period of 35 years or more. While appreciating the effort to harmonise the laws, the Commission brought to the attention of the NC-GG Committee that the implication of this is that for a person to be convicted for a felony of the second degree, the pecuniary amount involved in the commission of an offence must be equal to or more than the minimum wage for 60 years (Nu. 2,737,500/- or more) under the amendment as opposed to 35 years (Nu. 1,596,875/- or more) under the existing ACAB provisions. This requirement to meet the increased pecuniary threshold bears negative consequences on the effort to make corruption a risky and costly offence, as the clement provision bears no real legal deterrence.

The Bill was adopted in the 5th Session of the National Assembly of the Third Parliament and has been forwarded to the National Council.

b) Enforcement of Debarment Rules

Since the adoption of Debarment Rules 2019 in accordance with Section 40 (3) of the ACAB to ensure that the public agencies only conduct business transactions with responsible person or entity, a Committee has been formed as required by Sections 7 and 8 of the Rules. The members include representatives from the MoF, MoEA, Ministry of Works and Human Settlement (MoWHS), OAG, ACC, CDB, BCCI and Construction Association of Bhutan. The Government Procurement & Property Management Division (GPPMD) under Department of National Properties, MoF acts as the Secretariat to the Committee. Accordingly, sensitization to the members on the provisions of the Rules was conducted towards full enforcement of the Rules.

c) UNCAC (Amendment) Bill

UNCAC is the only globally binding legal instruments on corruption. The Parliament ratified the UNCAC in 2015 with a reservation on Article 66 (2) related to dispute settlement between the State Parties concerning interpretation and application of UNCAC. However, the reservation had not been registered during the time of depositing the instruments of ratification and was only deposited after six months. Unfortunately, the late reservation was not accepted due to objection from Finland and The Netherlands. Apparently, efforts were made by the MoFA to renegotiate with the two objecting countries but were not successful. Accordingly, in view of the most appropriate way forward with least detriment to all the progress made thus far, a proposal was submitted to the Parliament for reconsidering its earlier decision. To this, the National Assembly adopted the UNCAC (Amendment) Bill 2021 without the reservation during the 5th Session of the third Parliament.

d) Bhutan as State under review – Second Cycle Review of UNCAC

After the ratification of UNCAC, each State Party is required to undergo review in two cycles. In the First Cycle, compliance on *Chapter III: Criminalization and Law Enforcement* and *Chapter IV: International Cooperation* are reviewed while in the Second Cycle, compliance on *Chapter II: Preventive Measures* and *Chapter V: Asset Recovery* are reviewed. The first cycle review for Bhutan was completed in 2019 with the adoption of the Country Review Report. Subsequently,

Bhutan was placed under the Second Cycle Review since July 2020 with Bahrain and Iceland as the reviewing State Parties. To this, a Self-Assessment Checklist consisting of comprehensive update on Bhutan's compliance to Chapter II & V of the UNCAC including challenges & technical assistance needs was prepared in consultation with relevant stakeholders. The Checklist is currently under review of the MoFA.

e) Bhutan as reviewing State

Further to being subject to review by other State Parties, it is also required to review at least three other State Parties. In this regard, of the three countries, Bhutan along with Iran was drawn to review Thailand, which has been completed. Currently, Bhutan has completed desk review of Japan and Latvia in June 2019 and October 2020 respectively and is awaiting country visits to finalize the review.

1.3. Complaints and Referrals – Reporting Corruption

1.3.1. Analysis of complaints received

a) Number of Complaints received

During the 18 months reporting period, i.e. from 1 January 2020 to 30 June 2021, a total of 451 complaints were received. On an average, around 25 complaints were received in a month, which is 24% less as compared to 2019. The decrease in the monthly average may be attributed to the COVID-19 pandemic, the series of lockdowns and related restrictions.

b) Complaints by different modes

As in the past years, *Webmail* continued to be the most preferred mode for lodging complaint, followed by *Walk-in*, although it must also be noted that the WhatsApp and WeChat modes were introduced only in the last four of the total eighteen months of the reporting period. The 451 complaints received in the reporting period were through the modes as shown in the **Figure 1.4**. below:

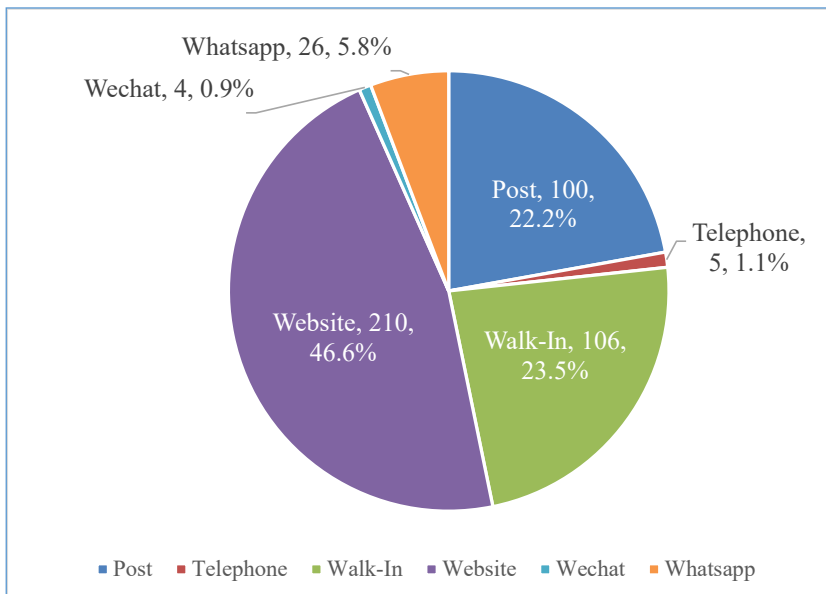


Figure 1.4 : Complaints received by modes

The ACC did not receive a single complaint through fax. This may be, due to the obsolescence of facsimile technology or dwindling facsimile services in the market.

Towards facilitating the reporting of corruption, the ACC introduced dedicated mobile numbers (17123412 and 17123413) as additional modes for reporting and following up on the complaints, starting on 4 January 2021. Further, coinciding with the Birth Anniversary of His Majesty The Druk Gyalpo on 21st February 2021, the ACC launched social media (WhatsApp and WeChat) platform called *Juenlam ACC* to receive complaints. Until end of June 2021, the ACC received 30 complaints (4 through WeChat and remaining 26 through WhatsApp) – two modes that appear to be gaining popularity for reporting and registering complaints.

c) Sources of Complaints

Of the 451 complaints received, 241 complaints (53.4%) were from Anonymous sources and the remaining 210 complaints (46.6%) are from Known sources. In the reporting period, the percentage of complaints from the Anonymous sources have reduced, as against the increasing trend in the past few years. Such trend is encouraging as it indicates the trust and confidence of the complainants in the ACC.

The complaints from the Known sources include 23 complaints referred by various agencies as shown in **Table 1.5**. The ACC registers such referral cases and follow the normal due process like any other complaint received. The referrals from agencies include the Royal Audit Authority (RAA), as per the Section 34 (7) of the Audit Act of Bhutan 2018, referring reports of any corrupt practices found in an agency during the conduct of their regular auditing. Over the years, the ACC has seen an increase in the complaints referral from agencies indicating an enhanced vigilance role played by the agencies in the fight against corruption.

Table 1.5: Referrals from the RAA and other agencies

Agency	No. of Report
Bank of Bhutan	1
Bhutan Telecom Ltd	2
Bhutan Transparency Initiative	1
Druk PNB Bank Ltd	1
Department of Revenue and Customs, MoF	2
International Organization	1
National Council of Bhutan	1

National Pension and Provident Fund	1
Royal Audit Authority	11
Royal Bhutan Police	1
Department of Immigration, MoHCA	1
Grand Total	23

In terms of gender, of the 187 complaints from the Known sources, excluding referrals from the agencies, 155 were lodged by male complainants and 32 by female.

1.3.2. Analysis on action taken against complaints and its referrals

From the total of 451 complaints received, 42 (9.3%) qualified for investigation and 15 of those were agency referrals as shown in **Figure 1.5**. The proportion of complaints qualified for investigation is slightly higher than those that qualified for investigation in 2018 (5.8%) and 2019 (6.3%).

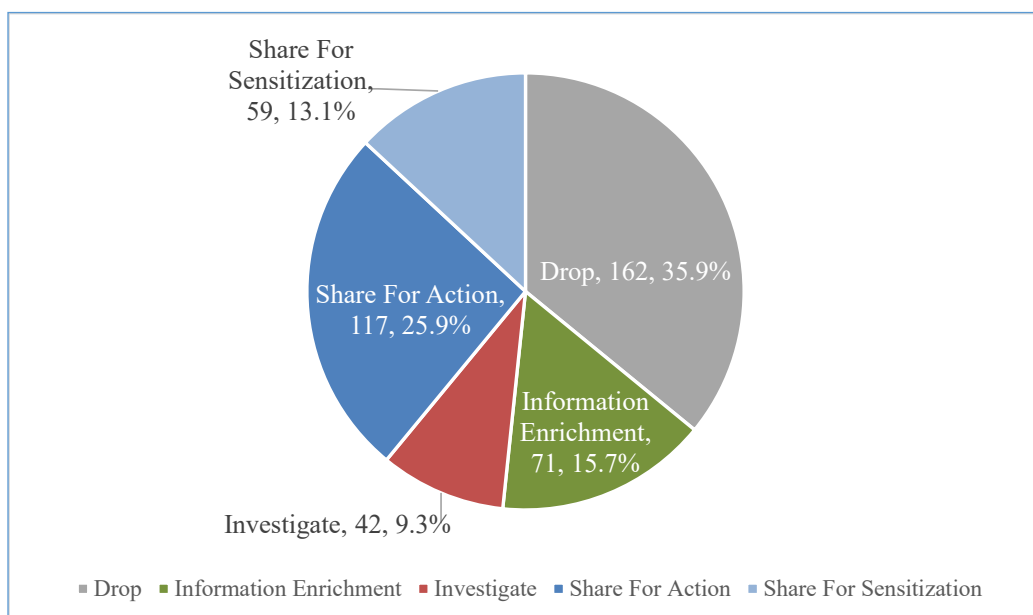


Figure 1.5 : Decisions on complaints

Further, the actions on complaints by mode and disclosure of identity are given in **Table 1.6** to understand the quality of complaints.

Table 1.6: Decisions on complaints by mode and source

Mode of Complaints	Total Number of complaints	Qualified for investigation		Shared for Action		Shared for sensitization		Information Enrichment		Dropped		Total	
		Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown
Walk-in	106	11	5	30	4	7	0	19	0	29	1	96	10
Telephone	5	1	0	1	2	0	0	0	0	0	1	2	3
Post	100	13	2	7	16	1	11	4	9	15	22	40	60
Webmail	210	4	3	16	30	10	25	8	29	19	66	57	153
WeChat	4	0	1	2	1	0	0	0	0	0	0	2	2
WhatsApp	26	1	1	4	4	2	3	2	0	4	5	13	13
		30	12	60	57	20	39	33	38	67	95	210	241
		71.4%	28.6%	51.3%	48.7%	33.9%	66.1%	46.5%	53.5%	41.4%	58.6%	46.6%	53.4%
TOTAL	451	42		117		59		71		162		451	
		9.3%		25.9%		13.1%		15.7%		35.9%		100%	
		451											

Further, from the total complaints received, only 289 (64.1%) warranted further action while the rest 162 (35.9%) were dropped indicating the need to enhance the quality of complaints. Of the total dropped complaints, 41.4% are from known sources and 58.6% from anonymous sources.

However, the proportion of complaints shared to agencies for action and sensitization has decreased as compared to past years mainly due to enhancement of Information Enrichment functions in keeping with the Parliament's directive to establish the Ombudsman function within the ACC.

The analysis of 289 complaints that warranted action by the ACC and agencies concerned are presented below by area, offence, agency and place of occurrence:

a) Area

Of the 289 complaints, the complaint against management of *Resources* (66) is the highest followed by complaint against the *award of contract* (45) and *personnel matters* (24) as shown in the **Figure 1.6**. The 'Others' category includes those complaints which do not fall in any of the above categorized areas.

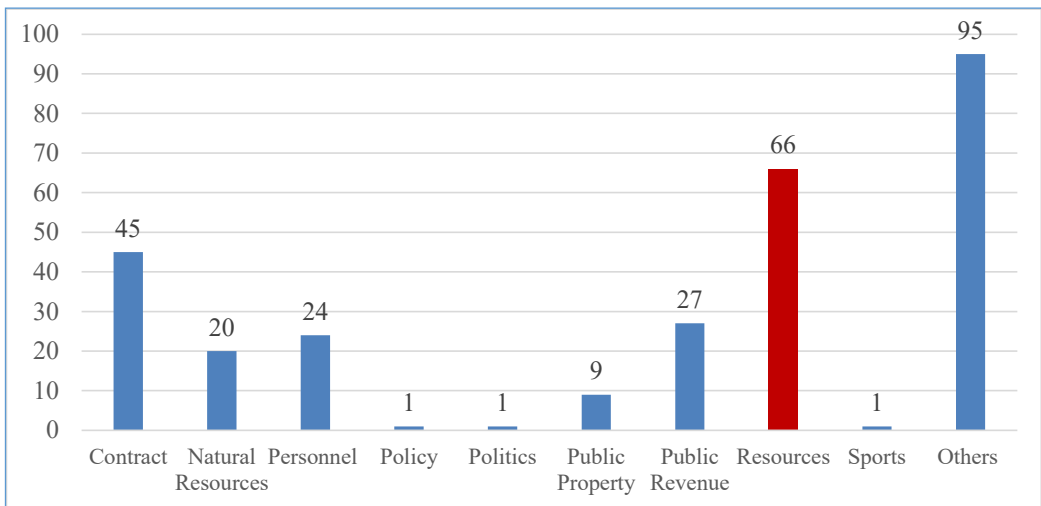


Figure 1.6 : Complaints by area of allegations

b) Corruption offence

From the total of 289 complaints requiring further actions, maximum complaints pertained to *Abuse of Functions* amongst the 11 broad areas of corruption offences categorized under ACAB 2011. The **Figure 1.7** shows the details of complaints by the type of alleged corruption offences.

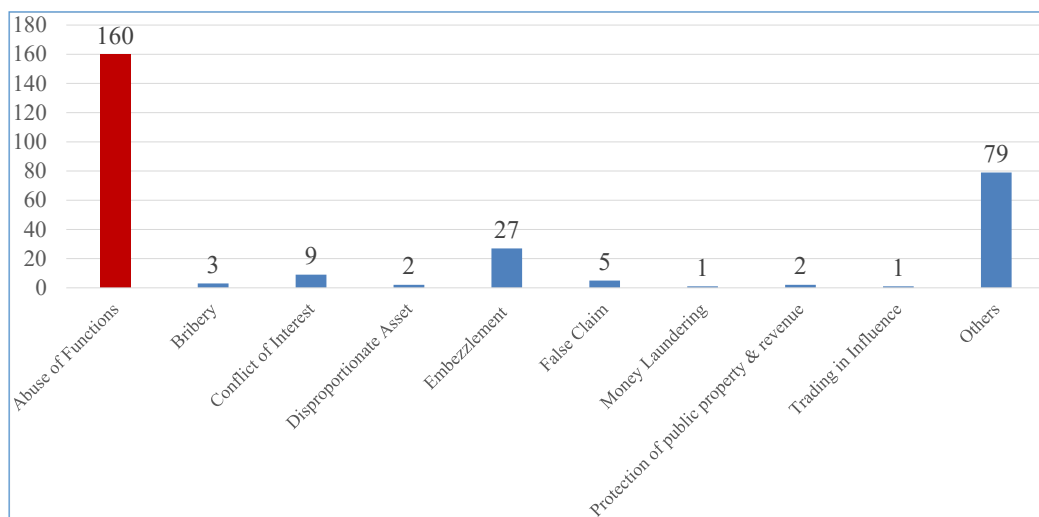


Figure 1.7 : Complaints by type of alleged corruption offences

Of the total 160 complaints on *Abuse of Functions*, majority were in the area of Resources (50), followed by Contract (33), Natural Resources (18) and Personnel (17). Complaints on *Abuse of Functions* have been consistently on rise over the years and this trend clearly indicates the need to enhance ethics, integrity and professionalism of public servants, particularly the standards of integrity in leadership positions. Further, complaints on *Embezzlement* continued to be the second highest. Majority of the complaints on *Embezzlement* were reported in the area of Resources (13) and Public Revenue (11).

c) Agency

With regard to complaints against agencies, Gewog Administration constitutes the highest number of complaints (92) followed by Ministries (50) and Dzongkhag Administrations (24). The details of the complaints received by the ACC against agencies are given in **Figure 1.8**. Of the total complaints against Gewog Administrations, highest number of complaints were lodged against the Gewogs of Paro (16), Punakha (15) and Wangdue Phodrang (12) Dzongkhags. On the other hand, for the second consecutive reporting period, the ACC did not receive any complaints against the Gewogs of Bumthang Dzongkhag. In view of the considerable number of complaints against the Gewog Administrations, the ACC plans to conduct a system study on Community Contract in the FY 2021 – 2022 although it is also to be noted that the number of Gewog Administrations far outnumber the number of agencies in other categories.

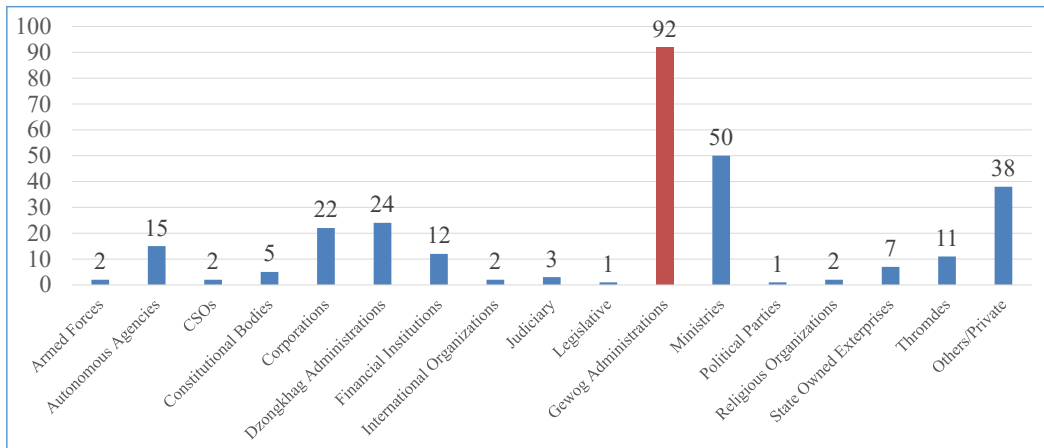


Figure 1.8 : Complaints received agency-wise

With regard to the Ministries, highest complaints were lodged against the MoAF (17), followed by MoE (8) and MoWHS (7).

Further, among Dzongkhag Administrations, Trashigang & Bumthang had the highest complaints with four each followed by Samtse (3). There were no complaints against four Dzongkhag Administrations in the reporting period, of which Trongsa had maintained without complaints for the second consecutive year.

d) Place of occurrence

As in the past years, the highest number of complaints received by the ACC pertained to occurrence in Thimphu. The least number of complaints pertained to Lhuentse Dzongkhag as shown in **Figure 1.9**.

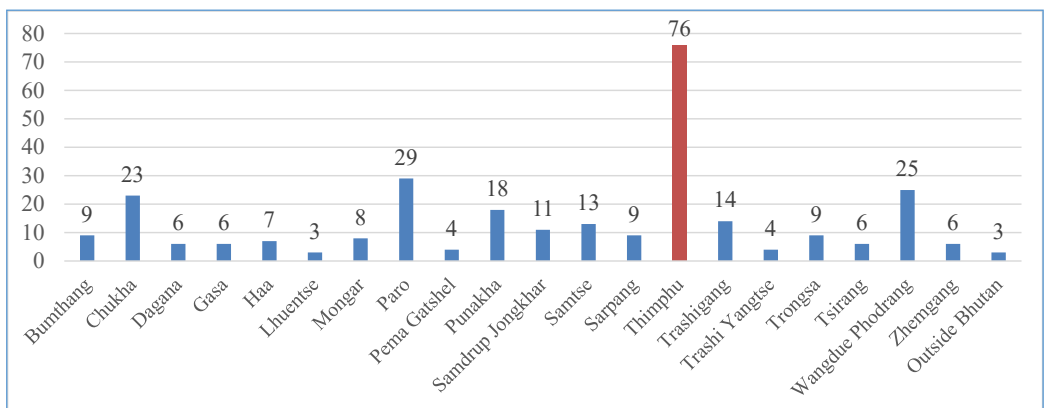


Figure 1.9 : Complaints by place of occurrence

Thimphu Dzongkhag having the highest number of complaints may be attributed to large number of public institutions, population density and degree of economic activities, among others. Correspondingly, further analysis reveals that maximum number of complaints against Thimphu pertained to Ministries (15), Corporations (11), Thromde (9) and Autonomous Agencies (8).

1.3.3. Complaints qualified for Information Enrichment

In addition to 71 complaints decided for Information Enrichment (IE), three more complaints were upgraded for IE based on the findings of the complaints shared for action to various agencies. Therefore, the total number of complaints qualified for IE in the reporting year was 74 and its status including those reported in 2019 is as shown in **Table 1.7**.

Table 1.7: Status of complaints assigned for IE

Year	Complaints Qualified for IE	Decisions on IE findings				On-going	Pending
		Closed	Upgraded for Investigation	Shared for Action	Shared for Sensitization		
2020	74	13	7	3	2	5	44
2019	29	17	4	2	1	3	2
Total	103	30	11	5	3	8	46
		49					

1.3.4. Complaints Shared for Action

Based on the findings of the IE, five complaints were further shared for action with the respective agencies. Therefore, the total number of complaints Shared for Action in the reporting year was 122. The status of these complaints along with other complaints of 2019 and before is shown in **Table 1.8**.

Table 1.8: Status of complaints shared for action with various agencies

Year	Total complaints shared for Action	Decisions on ATRs				Shared with RCSC	ATR not solicited	Total	ATR not received
		Closed	Upgraded for Investigation	Upgraded for IE	Deferred for more Action				
2020	122	46	2	1	5	8	8	70	52
2019	59	34	0	2	4	0	0	40	19
2018 and before	57	17	2	0	7	0	0	26	31
Total	238	97	4	3	16	8	8	136	102
		118							

Of the 97 ATRs reviewed and closed, 52 complaints were found to be valid and remaining 45 were baseless.

By the end of the reporting period, a total of 102 ATRs were not received from various agencies as shown in **Table 1.9**.

Table 1.9: Pending ATRs by year and agency

SN	Agency	2017	2018	2019	2020	Total
1	Bhutan National Bank	0	0	0	1	1
2	Civil Society Organization Authority	0	0	1	0	1
3	Choedhey Lhentshog	0	0	0	1 ¹	1
4	Druk Holding & Investments	0	0	2	0	2
5	Druk Punjab National Bank Ltd.	0	1 ²	0	0	1
6	National Film Commission	0	0	0	1	1
7	National Land Commission Secretariat	5 ³	2	2	0	9
8	Penden Cement Authority Limited	0	0	0	1	1
9	Punatsangchhu Hydroelectric Power Authority	0	1	0	0	1
10	Royal Audit Authority	2	13	4	19	38
11	Royal Bhutan Police	0	1	0	2	3

¹ The same complaint was also shared with MoHCA.

² Complaint was shared in 2018 and reflected in AR 2018, however, it was missed in AR 2019.

³ Complaint was shared in 2018 and reflected in AR 2018, however, it was missed in AR 2019.

SN	Agency	2017	2018	2019	2020	Total
12	Royal Monetary Authority	0	0	0	2	2
13	Tourism Council of Bhutan	0	0	0	1	1
14	Thimphu Thromde	1	1	1	1	4
15	Zhung Dratshang	0	1	0	0	1
Dzongkhag Administrations						
16	Chukha	0	0	1	1	2
17	Dagana	0	0	1	3	4
18	Mongar	1	1	0	1	3
19	Paro	0	0	0	1	1
20	Punakha	1	2	4	5	12
21	Samdrup Jongkhar	0	0	0	1	1
22	Samtse	0	0	1	1	2
23	Thimphu	0	0	1	1	2
24	Trashigang	0	0	0	2	2
25	Trashigang Yangtse	1	0	0	0	1
26	Wangdue Phodrang	0	1	0	2	3
27	Zhemgang	0	0	0	1	1
Ministries						
28	MoAF	1	1	1	2	5
29	MoE	0	0	0	1	1
30	MoEA	0	0	0	1	1
31	MoF	1	0	2	0	3
32	MoHCA	0	0	0	3	3
33	MoIC	0	0	2	0	2
		13	25	23	55	116*

Even though, the RAA has highest number of complaints shared for action, these issues get resolved during the bilateral meeting held biannually, and the mutual understanding is that the allegations would be looked into during routine audit, which may happen at varying time intervals for various agencies, unless shared specifically for special and urgent attention.

1.3.5. Action on referrals from the RAA

As reported earlier, the ACC received 11 reports from the RAA related to suspicions of corruption offences. However, given the nature of the Audit report, one referral was adopted as three separate reports. Hence, in the reporting period there were 13 reports received from the RAA.

Bilateral meetings between the RAA and ACC is held biannually wherein the two agencies follow-up on the actions against referrals. **Table 1.10** shows the status of the RAA referrals to the ACC from 2010 till 2020.

Table 1.10: Status on the pending RAA referrals

Year	No. of pending Reports	Status				
		ACC	OAG	Under Trial	Shared with agencies	Closed
2010	2	0	0	0	2	0
2011	2	0	0	2	0	0
2012	2	0	0	2	0	0
2014	2	0	0	2	0	0
2015	8	1	0	3	3	1
2016	3	1	0	2	0	0
2017	3	0	0	2	1	0
2018	4	2	0	1	1	0
2019	1	0	0	1	0	0
2020	13	13	0	0	0	0
Total	40	17	0	15	7	1

1.3.6. Complaints qualified for investigation

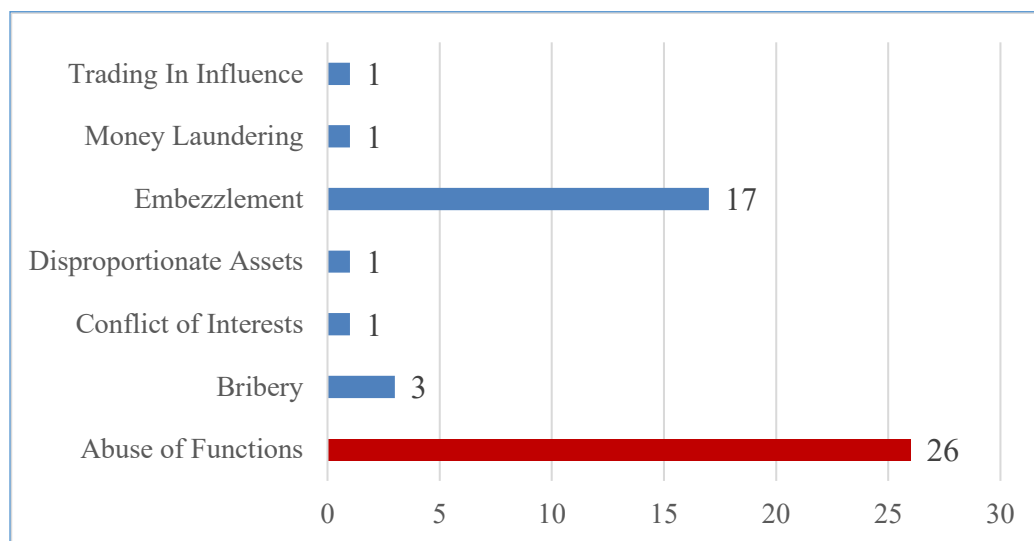
Of the total complaints qualified for investigation, 71.4% of these complaints were received from *Known Sources* indicating that the complaints from the *Known Source* are more reliable and authentic.

In addition to 42 complaints qualified for investigation, based on the findings of complaints that had been Shared for Action (4) and Information Enrichment (11), another 15 complaints qualified for investigation in the reporting period. This increased the number of complaints qualified for investigation to **57**. These details are shown in **Table 1.11**.

Table 1.11: Total Complaints qualified for investigation

Year of Complaints	Description	No. of Complaints
2020	Complaints	42
	IE upgraded	7
	ATR upgraded	2
2019 & before complaints carried over to 2020	IE upgraded	4
	ATR upgraded	2
Total qualified for investigation in 2020		57

Of the 57 complaints qualified for investigation in the reporting period, majority pertained to Abuse of Functions (45.6%), followed by Embezzlements (29.8%) in the area of Public Revenue and Resources as shown in **Figure 1.10**.

**Figure 1.10 :** Complaints qualified for investigation by type of corruption offences

In terms of agencies, Gewog Administrations had the highest with 15 complaints qualified for investigation followed by Ministries (10) and Corporations (9) as shown in **Figure 1.11**.

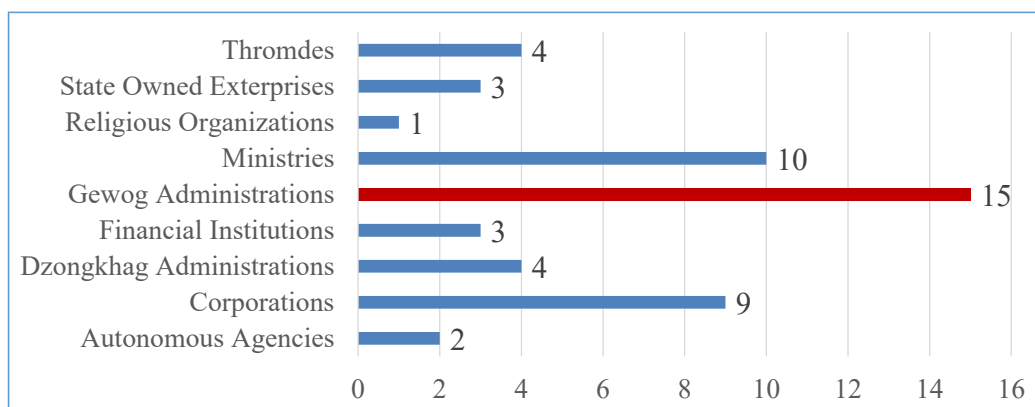


Figure 1.11 : Agency-wise complaints qualified for investigation

1.3.7. Status of backlog complaints qualified for investigation

Of the 57 complaints that qualified for investigation during the reporting period, only 20 complaints could be assigned for investigation by the end of the reporting period. Besides cases from 2020, 16 other complaints of previous years were also assigned for investigation. Till date, there are 96 complaints which are yet to be assigned for investigation.

The status of backlog complaints including those that were upgraded for investigation from ATRs and IEs are given below in **Table 1.12**.

Table 1.12: Status of complaints qualified for investigation

SN	Year of Complaint	Balance for Investigation as per Annual Report 2019	Assigned for Investigation in 2020	Current Balance
1	2006 – 2016	37	3	34
2	2017	6	0	6
3	ATRs and/or IEs of 2017 & before complaints reviewed in 2018	7	2	5
4	2018	9	2	7
5	ATRs and/or IEs of 2018 & before complaints reviewed in 2019	5	3	2
6	2019	11	6	5
7	Jan 2020 – Jun 2021	57	20	37
Total		132	36	96

Of the 36 complaints assigned for investigation, eight were related to on-going cases, and further one complaint got assigned as two different cases. Hence, the new cases opened for investigation during the reporting period is 29.

1.4. Investigation and Referrals – *Exposing and deterring corruption by effective investigation without fear or favor*

1.4.1. Caseload and outcome

Despite the COVID-19 pandemic during the reporting period, the ACC continued to receive complaints that qualified for full-fledged investigation. In the last 18 months, the ACC opened a total of 29 new cases adding to the 25 spillover cases brought forward from the previous reporting year. In addition, anticipating prolonging of the restrictions of the pandemic situation that limits the field investigations, the ACC investigators were also assigned 35 backlog complaints qualified for investigation to undertake desk review. Those complaints included mostly land related cases. This is shown in **Figure 1.12**.

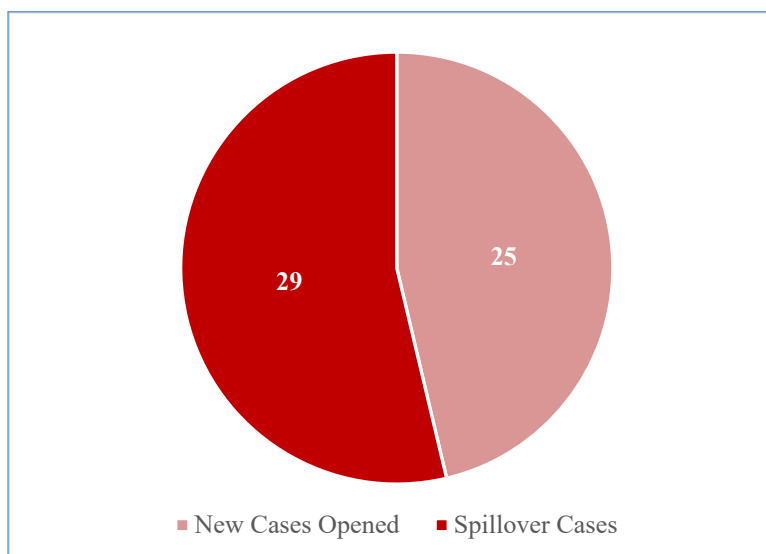


Figure 1.12: Caseload for January 2020 – June 2021

The ACC completed 27 cases against the total caseload. As shown in **Figure 1.13**, 6 cases (22.2%) were forwarded to the OAG for prosecution, 9 (33.3%) shared with the relevant agency for administrative action and the remaining 12 (44.4%) cases were either closed or dropped in absence of any substantive evidence vis-à-vis incriminating testimonies from the witness available. Further, from the total of 35 backlog complaints assigned for desk review, five were completed. The details of cases forwarded to the OAG is in **Annex I**.

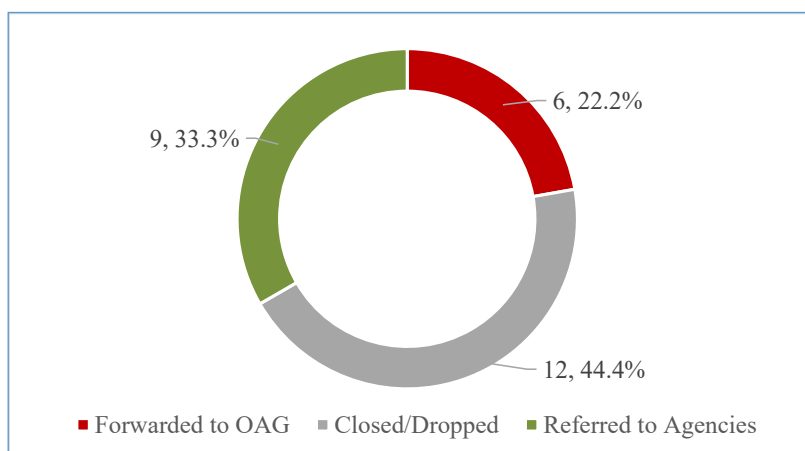


Figure 1.13: Investigation outcome

The overall achievement in terms of bringing the case to a logical conclusion in this reporting period is 50%. As of 30 June 2021, 27 cases were on-going at various stages of investigation some of which were due for completion within the first quarter of the FY 2021 – 2022. The overall investigation outcomes and the status for the reporting period is as shown in **Table 1.13**.

Table 1.13: Status and outcome of investigation

Description	Old	New	Total	%
Caseload for 2020 – 2021				
1. Spillover Cases	25	0	25	46.3%
2. New Cases opened from Jan 2020 – Jun 2021	0	29	29	53.7%
Total	25	29	54	100%
Investigation outcome/status				
1. Forwarded to OAG	4	2	6	11.1%
2. Shared/Referred to agencies	4	5	9	16.7%
3. Closed/Dropped	8	4	12	22.2%
4. Investigation on-going	9	18	27	50.0%
Total	25	29	54	100%

The average turnaround time (TAT) to complete each case during the period is approximately 73 working days considering the COVID-19 protocol vis-à-vis complexity and the nature of the case. Leveraging information technology in streamlining the investigation process and improving efficiency, the ACC adopted

the Software Requirement Specification (SRS) to enhance the investigation module in the current Complaints & Investigation Management System.

Further, due to the COVID-19 pandemic, the ACC could not launch investigations of all pending cases particularly in the southern Dzongkhags owing to the lockdowns and other associated risks and restrictions. However, based on the magnitude of the complaints and considering the national interest of the case, the ACC completed one case in Samdrup Jongkhar that pertained to alleged corruption in the State Mining Corporation Ltd. (SMCL).

1.4.2. Search/seizure and detention

Detention is a temporary and limited interference with the freedom of a person for the purpose of investigation. It is usually a brief and cursory process of holding the person and questioning them if, as and when required.

Between January 2020 and June 2021, the ACC conducted a total of eight search/seizure related to seven cases. However, for the reporting period of 18 months, the ACC did not detain any person in the process of investigation as shown in **Table 1.14**.

Table 1.14: Search/Seizure and detention executed between 2017 and June 2021

	Jan 2020 – Jun 2021	2019	2018	2017
No. of Cases under investigation	54	50	39	64
Search/Seizure	8	7	13	16
Detention	0	6	5	17

1.4.3. Prosecution referral and outcome

In the reporting year, six cases were forwarded to the OAG for prosecution (refer **Annex I**). Of the total cases forwarded by the ACC to OAG till date, 11 are under review by the OAG (refer **Annex II**), and 45 under various trial Courts (refer **Annex III**).

Various Courts rendered 58 judgments between January 2020 to June 2021 related to 34 cases (refer **Annex IV**). Of the total judgments rendered, majority of the cases (13) were related to embezzlement. A total of 116 defendants were charged

for corruption and other criminal offenses, 71 were convicted, 24 acquitted and 21 deferred as shown in **Table 1.15**. Hence, the conviction rate for the reporting period stands at 74.7%, excluding 21 deferred judgments.

Table 1.15: Prosecution outcome

Description	Prosecuted		Judgment rendered		
	No. of Cases	Charged	Convicted	Acquitted	Deferred
2017	12	62	46	7	9
2018	46	57	45	11	1
2019	60	106	81	23	2
Jan 2020 – Jun 2021	34	116	71	24*	21
Total	152	341	243	65	33
Conviction rate over the last four years				78.9%	

* 1 fined as civil case & 7 withdrawn due to demise & lack of evidence.

1.4.4. Prosecution by the ACC

a) Tax evasion by M/s JPLP, Phuntsholing

As reported in the last annual report, the ACC investigated M/s JPLP for alleged tax evasion and was prosecuted by the OAG before the Dungkhag Court, Phuntsholing. The ruling by trial Court was subsequently amended by the Bench III of High Court who sentenced the defendant to five years' non-compoundable imprisonment and ordered



to restitute Nu. 126.897 million. However, upon appeal by the defendant, the case was heard by the Larger Bench, High Court, who upheld the trial Court judgement but ruled that the defendant was entitled for the deduction of direct cost and ordered to restitute only Nu. 14.487 million with a fine of Nu. 7.875 million. With the OAG deciding not to appeal further, the ACC appealed before the Supreme Court in August 2019 to address the substantial question of law in the interpretation of the tax law.

After three rounds of hearing, the Supreme Court rendered its judgement on 14 May 2021. The judgement, amongst others, ruled the following:

- (i) Where it is established beyond reasonable doubt that a business entity or a person has committed an offence of concealment of income, such entity or person is not entitled to enjoy the benefit of allowable deductions. The benefit of allowable deduction of taxes can be enjoyed only by the taxpayers abiding the applicable law;
- (ii) The overhead expenses are disallowed to be deducted under Section 35.2 of Chapter 5 under General Provision. Therefore, it is not reasonable to include/consider direct cost under allowable deduction;
- (iii) Section 61 of the ACAB not only criminalizes the tax evasion but also criminalizes the failure to protect public properties. Subsection 3 of Section 61 of the ACAB provides two types of sanctions on the convict, i.e., (i) fine not exceeding two times the amount, which was so paid and (ii) valued-based sentence. It is not necessary to impose same sanction on all the criminalized acts under this Section. The sanction must be applied based on its applicability against each criminal act defined thereunder. Therefore, Section 61 of ACAB does not provide any room for the Court to exercise judicial discretion; and since it calls for a value-based sentencing, it is not ambiguous or construed to exist lacuna for applying judicial discretion under Section 28.1 of the Civil and Criminal Procedure Code;
- (iv) The fine provided under Section 61 (3) of ACAB, cannot be applied on tax evasion cases as it is applicable only to other criminal acts defined under the said Section and as there is specific law called as Income Tax Act governing the process of imposing fine on tax evasion enacted in 2001. Two types of sanctions, fine and value-based sentence, provided under Section 61 (3) of ACAB, should be applied based on its applicability against each criminal acts defined under the said section. Therefore, it is appropriate to apply value-based sentence to tax evasion cases; and
- (v) It is clear from Section 36, Chapter 5: General Provision of the Income Tax Act that the Court cannot set the defendant free without awarding penal sentencing by mere imposition of fines. This only concretizes that the Income Tax Act calls for criminal conviction for tax evasion. Since the Penal Code of Bhutan is source of criminal law and quantum of criminal sentencing, it is natural that the ACAB and Income Tax Act is subjected to the ambit of Penal Code of Bhutan in drawing the quantum of sentence to a crime, specifically to Section 283 and 284 of the Penal Code of Bhutan.

Under Section 294 of the Penal Code of Bhutan, the quantum of criminal sentencing is value-based sentencing, which is explicitly defined under Section 18 of the Penal Code of Bhutan. Therefore, the objects and the construction of the ACAB, Income Tax Act and Penal Code of Bhutan are broad enough to complement and does not contradict each other.

Accordingly, the Supreme Court convicted and sentenced the proprietor of M/s JPLP, Mr. Lal Chand Prasad to imprisonment for five years and ordered to pay Nu. 154,619,635.00 to the Revenue Account of the Royal Government within one month from the date of judgement.

b) Trongsa Land Case



As reported in the previous annual report, the Dzongkhag Court, Trongsa rendered its judgement on 14 November 2019 convicting seven defendants to imprisonment ranging from one year to six years. Except for one, six other defendants appealed before the High Court. Bench II

of High Court conducted the appeal hearings and the judgement was not awarded during the reporting period.

1.4.5. Restitutions

As of June 2021, a total of Nu. 863.068 million was ordered for restitution as depicted in **Table 1.16**. Further, from the total of 3.17 acres of State land (excluding other physical properties) ordered for restitution, 3.02 acres of State land have been restituted to the State. However, a total of Nu. 315.497 million related to 45 cases are under appeal in various Courts. Hence, the actual restitution pending was Nu. 412.374 million as of June 2021.

Table 1.16: Summary and status of restitution (in Nu. and million)

Judgment Year	Restitution Ordered	Restituted	Cases under Appeal	Restitution Pending
2006 – 2019	632.910 mn	118.875 mn	195.459 mn	318.576 mn
Jan 2020 – June 2021	230.158 mn	16.322 mn	120.038 mn	93.798 mn
Total	863.068 mn	135.197 mn	315.497 mn	412.374 mn

1.4.6. Highlight(s) of a few significant cases during the reporting period

Case No. 1: Suspected Collusion in the Export of Gypsum by SMCL to Nepal



The ACC received several complaints between 20 December 2020 and 1 March 2021 pertaining to undue price fixing in the export of gypsum and collusion between certain officials from the SMCL and importers/syndicates from Nepal. The ACC further received two additional information on the alleged illegal collection of money as transport agency and siphoning of minerals revenue in “billions”.

The facts of the matter were found to be as follows:

- The MoEA, on 16 October 2018, authorized the SMCL to take over the operation of Khothakpa Gypsum Mining (KGM) along with the infrastructure and staff of Druk Satair Corporation Limited (DSCL) for an interim period of two years w.e.f. 1 January 2019. The SMCL was asked to ensure seamless business continuity, fulfill the requirements of the domestic industries and avoid loss of established market for Bhutanese gypsum. During the initial period of operations, the SMCL adopted the existing pricing structure for export of gypsum that was fixed by the DSCL to ensure seamless business operations.

- Consequently, based on the market study and intelligence gathered by the SMCL, 33rd Board Meeting held on 19 December 2019, approved the proposed revised rates for gypsum export by approximately Nu. 200.00 per metric ton (MT) and Nu. 400.00 per MT for both Nepal and Indian parties respectively in 2020. The rates were revised depending on the market segment, proximity and competitive advantage over other regional suppliers such as Jammu Kashmir, Rajasthan, Pakistan and Oman gypsum via Haldia port near Kolkata, India.
- The rates per MT of gypsum sold to Nepal parties were slightly lower than those of the Indian parties considering a longer distance from Samdrup Jongkhar vis-à-vis a huge market potential for continuous supply and to earn revenue for the State. One main importer from Nepal was Arvind Emporium, who apparently imported both as raw materials for its cement factories as well for trading to other cement factories. Based on the review of cost breakup and the available corroborating evidence, the landing price of Bhutan gypsum to the nearest destination Birtamode i.e., located near the India-Nepal Border, is approximately Nu. 3,366.25 that converts to roughly NPR. 5,386.00. As the destination in Nepal further extends towards the west, the landing price increases proportionately considering the increase in freight charges. In general, the landing price of gypsum is around NPR 5000.00 to 8000.00 inclusive of the mineral rate, transportation charge and other expenses incurred.
- The analysis based on the online market rates for cement in Nepal is about Rs. 3500.00 to Rs. 4000.00 per metric ton which is more or less in the similar range. It is also to be noted that the gypsum content in one MT of cement is only about two to four percent.
- The investigation indicated that the rates of gypsum export to Nepal during the DSCL remained same at Nu. 1750.00 per MT during the operations for three consecutive years, from 2016 to 2018, while the rates currently applied by the SMCL has increased progressively. It has in fact undergone revision, since the time SMCL took over the KGM, from Nu.1750.00 per MT in 2018 to Nu.1775.00 per MT in 2019 followed by Nu.1975.00 per MT in 2020 and 2021.

The investigation was carried out to determine whether or not the alleged officials corruptly profited from the fixation of export price and if there was any form of collusion in the export of gypsum to Nepal parties. After thorough investigation, the ACC did not find any incriminating evidence against the suspected officials.

The price of the gypsum for both export and sale to the domestic parties were fixed by the Board of Directors of the SMCL and the mere existence of price variation between the two countries alone could not be taken as a sufficient cause to make it a criminal case. There was neither a compelling evidence to substantiate that the alleged officials arranged, demanded, solicited or received whatsoever any illicit advantage from any customers nor did they play any role in the decision-making process in the fixation of export price in 2019.

Further, it was also established that the SMCL sold gypsum to India and Nepal at ex-Samdrup Jongkhar stockyard price and had nothing to do with the transportation affairs thereby. The transportation beyond the border was entirely up to the customers who may or may not choose to arrange with the Bhutanese counterpart. In this regard, it was found:

- SMCL's business dealing with the importers is limited to load the truck & weigh the consignment and dispatch accordingly as per Purchase Order/ Performa Invoice.
- With regard to transportation of gypsum, local transporters directly engages with the importers concerned to arrange trucks to carry gypsum from Samdrup Jongkhar stockyard or Rangia stockyard to the importer's destination. One such service provider happened to be East Bhutan Private Ltd. SMCL has no dealings in the shipping of gypsum to the importers.

In view of the above investigation findings, the ACC decided to stop further probe into the case. However, if new information arises in future, the ACC may decide to reactivate the case.

Case No. 2: Investigation into embezzlement of public funds by a Credit Assistant, Bhutan Development Bank Ltd. (BDBL), Wamrong Branch

On 18 May 2021, the RBP, Wamrong forwarded the case intimating that one Credit Assistant at Wamrong BDBL branch had misused and embezzled BDBL funds totaling Nu. 6.197 million between 15 February to 1 May 2021 by way of fraudulent practices using the Point-of-Sale (POS) device, which was introduced in June 2020 to facilitate farmers' outreach banking services. The POS device which is connected to the Field Advance Account, allows the authorized user to access the account and perform banking functions like deposits, withdrawals, EMI payments, etc. Based on the RBP's referral, the ACC investigated the case extending the period of examination from January to May 2021.

The ACC's investigation revealed gross misuse of the POS device to misappropriate BDBL funds by one of its officers in feeding his online betting habits played on WeChat messaging app. The modus operandi entailed first debiting (withdrawal) funds from the Field Advance Account and crediting them to his personal BDBL savings account. Thereafter, he transferred the funds to his BOB Savings account via BDBL e-Pay application. The investigation determined that within a period of two and half months, he siphoned Nu. 6.349 million through POS operation.

Upon thorough review of the facts and evidence collected during the investigation, the ACC came to the conclusion that the suspect's acts fits within the meaning of embezzlement of public funds as defined under Section 52 (1) [a] of the ACAB and accordingly forwarded the case to the OAG for prosecution in July 2021.

The investigation showed that although the rural banking services were nothing new to the bank and there were already reconciliation practices when being done manually, it was evident that there were no clear directives or standard operating procedures issued from the Head Office when the POS service was rolled out. It was found that the accused used the machine as a limitless overdraft account whereby he could transfer the money to his private savings account at his own will without the knowledge of his supervisor.

The ACC remains concerned about the fact that corruption incidents in the BDBL keeps cropping up time and again, reflective of a weak governance system, poor corporate culture and leadership shortcomings. The Board has been accordingly advised.



Case No. 3: Deceptive Practice by Former Accountant at Electricity Service Division (ESD), Bhutan Power Corporation (BPC), Paro



On 17 September 2018, the BPC reported to the ACC that their former accountant at the ESD, Paro had misappropriated the BPC's imprest fund amounting to Nu. 1.951 million from staff salary, travel, suppliers' bill and miscellaneous expenses.

Following the report from the BPC, the ACC launched an investigation and discovered that the former accountant had misappropriated a sum of Nu. 1.422 million. The accused had misused the Systems, Application and Production (SAP) system including the travel claims of the staff. Fictitious muster-roll sheets were prepared and submitted either to settle the advances taken by accused or to repay accused's personal borrowings from other non-employees. Similarly, fictitious material bills were forged and submitted without the knowledge of the contractors and claimed as material advances. The accused had even forged the manager's signature and used bank accounts of the accused's daughter, niece and office support staff to withdraw the fund diverted under various account heads. Fictitious bills were submitted and claimed during year closing. The advances against accused were adjusted in the SAP system but the cash was not deposited in the bank. The accused further misused the direct General Ledger (GL) posting feature in the SAP system and fraudulently claimed without any supporting documents.

The ACC concluded that the misconduct constitutes an offence of embezzlement of funds or securities by a public servant under Section 52 of the ACAB and forgery under Section 296 of the Penal Code of Bhutan (PCB) 2004.

The ACC also found other four individuals involved in or associated with the embezzlement of the public funds by the former accountant. The Civil Technician is found liable for the offences of ‘commission amounting to abuse of functions’ and ‘participation in an offence’ under Sections 58 and 75 of the ACAB and ‘forgery’ under Section 296 of the PCB 2004. Likewise, one of the former employees and Associate Engineer was also found liable for the offence of ‘participation in an offence’ under Section 75 of the ACAB and ‘forgery’ under Section 296 (c) & (d) of the PCB, while the employee of one of the construction firm for the offence of ‘forgery’ and ‘deceptive practices’ under Section 296 (d) and 309 (d) of the PCB.

Considering the strength of the evidence as well as public interest, the ACC forwarded the case to the OAG for prosecution on 9 July 2021. Concurrently, systemic changes have been required and followed up.

Case No. 4: Investigation into match fixing and receiving bribes during the Bhutan Premier League, 2020



Corruption is pervasive and thrives on every aspect of our lives where vulnerability provides the opportunity and human greed provides the incentive and the impetus. While corruption in sports in Bhutan is unprecedented, at least in the public domain, this case not only changed that perception but also provoked a valid concern over the integrity in our sports in future if the regulators do not prepare to safeguard it with appropriate responses.

In 2021, the ACC conducted an investigation into the allegation against the owner and the head coach of the Druk Stars Football Club (Druk Stars FC) for involvement in match-fixing and receiving bribes during the Bhutan Premier League 2020. The story was covered by the media on 23 October 2020. Although the inquiry by the Bhutan Football Federation (BFF) did secure the admission of guilt following which the accused was banned for life, no details emerged or were presented to the public regarding the bribery element.

The ACC's investigation found that the accused was not only involved in match fixing during the Bhutan Premier League 2020 but also in the Bhutan Super League 2020. The day before the match between the Druk Stars FC and Gomo Football Club (Gomo FC) in the Bhutan Super League 2020, the accused called five key players of his club to Hotel 89 and instructed them to underperform and lose the match to Gomo FC. He even introduced them to two Indian nationals who had in turn promised to support their club if they perform as instructed. On the same day, he had also approached two players and the coach of Gomo FC. Subsequently, the Druk Stars FC lost the match.

In the Bhutan Premier League 2020, for the match played between Druk Stars FC and Paro Football Club (Paro FC) at Paro on 1 August 2020, it was found that the accused instructed his players to lose the match and for that, he had promised to reward the players with Nu. 1,000.00 each. He had also instructed the goalkeeper of his club to follow his hand signal to let the opponent score the goal. Further, during the 12th match of Bhutan Premier League 2020 wherein the Druk Stars FC played against Paro United Football Club (Paro United FC), the accused instructed his players to hold the ball for the first 20 minutes and then concede the goal according to his hand signals. While the match was going on, he had pressured his players and showed hand signals to concede the goals. It was also learned that he was frequently on the phone and shouting to his players.

The investigation discovered that, around the same time the accused had received a sum of Nu. 882,764.00 in his savings account maintained with the Druk Punjab National Bank Ltd. (DPNBL). The deposits were made in his account through ATM deposits (mostly) and net transfers from India. The conduct of the accused in having received illicit advantage in exchange for rigging the game was in breach of the Section 67 (1) of the ACAB. Accordingly, the accused has been booked for seven counts of 'passive commercial bribery' and the case was forwarded to the OAG for prosecution in July 2021 with the recommendation to consider the most punitive charges.

Following the investigation, the ACC also wrote to the President of the BFF to consider certain systemic improvements in the management of disciplinary proceedings.

Case No. 5: Allegations of corruption against Chairperson of Dzongkhag Tshogdu, Mongar

The ACC received repeated complaints against the Chairperson of Dzongkhag Tshogdu, Mongar related to the abuse of function, possession of unexplained wealth, deployment of his earthmoving equipment on hire in every Gewogs of Mongar, among others. The Chairperson was first elected as Tsakaling Gup in 2011 and currently serves as the Chairperson of Dzongkhag Tshogdu, Mongar. Based on the Action Taken Report (ATR) received from the Dzongkhag and the findings of Information Enrichment, the ACC investigated the matter in 2018.

On 26 September 2016, the Dzongkhag Administration, Mongar invited quotation from eligible hiring agencies for the construction/maintenance of farm roads of five Gewogs of Kengkhar, Thangrong, Balam, Tsakaling and Drepong under Mongar Dzongkhag with project worth of Nu. 3.49 million during the financial year 2016 – 2017. Further, on 16 January 2017, the Dzongkhag Administration, Mongar invited quotation from eligible hiring agencies for the construction/maintenance of farm roads of two Gewogs of Jurmey and Chali under Mongar Dzongkhag with project worth of Nu. 1.80 million during the financial year 2016 – 2017.

The above quotations were awarded to M/s Dhenzang Hiring and M/s U.T Hiring for being the lowest evaluated bids. While M/s Dhenzang Hiring is registered in the name of Chairperson's spouse, the proprietor of M/s U.T Hiring is spouse's uncle through marriage.

During the investigation, it was found that from the total of 15.473 KMs farm road constructed in Balam, Chali & Tsakaling Gewogs, 3.766 KMs was found non-pliable. The investigation revealed that from the total of first payment amounting to Nu. 2.009 million made to M/s Dhenzang Hiring, the contractor fraudulently claimed Nu. 1.052 million by using fictitious machine registration number to inflate the machine hour. In this similar manner, M/s Dhenzang Hiring fraudulently managed to claim Nu. 3.545 million from contract works in Balam, Chali and Tsakaling Gewogs. While reviewing the vehicle log books and related documents, it was found that the vehicle log books and bills were duly verified and approved by the respective Chiwog Tshogpas, site Engineers and Gups without exercising minimum required due diligence. Further, the investigation also confirmed that the Chairperson was involved in preparing all tender documents whereas his

spouse only served as signatories in these documents as M/s Dhenzang Hiring license was issued in her name. Such an arrangement was made to avoid conflict of interest being the Dzongkhag Tshogdu Chairperson.

The investigation confirmed that the Chairperson has not only failed to uphold his responsibilities in overseeing the developmental activities and ensure minimum required standard but also misused his official position to defraud the authority. Besides, due to lapses on the part of other Local Government and Dzongkhag officials, the contractor was unduly advantaged in millions.

Based on the investigation findings, the ACC forwarded the case for prosecution with the restitution of Nu. 3.545 million to the Government along with penal interest per annum on the amount claimed deceptively as per the rules and regulations in vogue. However, the District Court, Mongar acquitted the case on the grounds of failure to comply with due process. The opportunity to clarify on the due process was limited as the ACC received the judgment only after the appeal period. More than anything else, the acquittal of the case has deprived the citizens of these three Gewogs with 3.766 KMs of pliable farm road, which is a basic amenity to make a living. Besides this, it has also made the pursuit of reducing corruption to an incidental level a Sisyphean task.

Case No. 6: Collusive bidding in the Base Course & Blacktopping work of Jarey Gewog Connectivity Road

On 28 August 2015, the Regional Office of Department of Roads in Lingmethang, Mongar had invited bids for Base Course & Blacktopping of Jarey Gewog Connectivity Road wherein four prospective bidders submitted the bids. Subsequent audit findings of the RAA revealed that the highest bidder before the arithmetical correction had become the lowest afterwards and won the contract. Further review of the individual bidding documents revealed that the rates of BoQ items for all the bidders, except for the winning bidder were either overwritten, inserted with additional digits or showing marks of striking off and re-writing. However, the total amount of the BoQs was left unchanged. The initials/signatures on BoQs of all three bidders, used for the manipulation of the rates, were also found similar. The case was referred by the RAA to ACC on 28 August 2018, RAA pointing out possible collusion among bidders, entailing financial loss of Nu. 11.776 million to the Royal Government.

The ACC's investigation found that the over-writing or corrections of similar nature in three BoQs were done by a non-winning contractor having consent of two other non-winning contractors. The rates were increased after the trio

supposedly found out that the site at Jarey was too steep and difficult to work at their quoted rates. The investigation also unveiled that the three contractors had several discussions during and before submitting bidding documents. Meanwhile, the winning bidder was found to be an independent entity and had submitted the bidding documents without any knowledge about the other bidders. In addition, it was also noticed that the other three contractors submitted the documents around the same time.

Though the RAA's report suggested possible collusion among bidders with purported attempt to let the initial highest bidder win the contract, the ACC could not establish any connection between the actual winning bidder and the other three contractors. Further, the opening and evaluation committee members were also interrogated to rule out any possible foul play in the tendering process. To this, the ACC found no incriminating evidences to implicate the officials and the collusion was found to be among three contractors only. While there was the element of bid rigging, the conspiracy did not come to fruition. Therefore, the case was not considered for prosecution. However, in view of the fact that collusive bidding is a weakness in public procurement, the undermining of the principle of competitive process bears serious implications to public resources and overall health of the economy, and with the menace not being taken seriously by the stakeholders, the ACC as per Section 137 of ACAB 2011 recommended to the CDB to suspend the three contractors for a minimum period of two years as a deterrent.

The CDB initially did so but withdrew the suspension order and opted for three-month suspension provided for under its rules. The ACC found this action to be too lenient. After considering the responses received to the Show Cause Notice served to the three contractors, the ACC as per Section 139 (2) of the ACAB 2011 suspended them for a period of one year including the period suspended by the CDB besides looking into administrative action on the dealing officers. The contractors had moved the High Court who dismissed the petition finding that ACC had acted within the provisions of the laws. Upon appeal, the Supreme Court, in its decision of judgment rendered on 2 September 2021 upheld the High Court's ruling that the ACC's actions were within the legal provisions but on the "principle of reasonableness" reduced the sanction to three months and since five months of the suspension had already lapsed by then, the matter was to be closed there. With all due respect to the ruling, the ACC remains deeply concerned with the growing leniency on the part of agencies concerned to truly uphold "zero tolerance" culture in word, letter and spirit to promote strong deterrence against corruption.

1.5. Overall institutional targets and performances

1.5.1. Review of the Institutional Development & Performance

The ACC is determined to achieve its mission to “*eliminate corruption through leading by example, achieving excellence in partnerships and mainstreaming anti-corruption strategies/measures in public/private organizations*” with its sustained interventions to build a strong, credible and a dynamic institution.

In the reporting period, the ACC conducted an assessment to gauge the level of organizational development and performance with respect to institutional reforms and initiatives undertaken since 2011 broadly categorized under five key areas viz. values & principles, strategy, structure, staff and systems/processes. The assessment included evaluation of its 10-year strategic roadmap referred to as the ACC’s Institutional Development Plan (IDP) 2011 – 2020 along with a comprehensive review of the existing strategies, systems, and procedures. Besides this, the review also identified certain areas to ensure continuous organizational development by overcoming uncertainties and increasing complexity of corruption cases. The assessment was undertaken by an internal 12-member Task Force between June and September 2020.

The review of the IDP concluded that 93% of the recommendations have been successfully implemented. The remaining unachieved recommendations were mostly related to enhancing human resource management and development of the ACC and two specifically pertained to establishment of a monitoring system for Gift Rules and online system to report the status of complaints. On the other hand, the review also highlighted numerous interventions that have contributed to the individual as well as organizational performances.

Some of the key achievements of the institution included, adoption of two anti-corruption strategies, enhanced mainstreaming of prevention and education programs; improved research culture on corruption and anti-corruption; revised organizational structure with greater clarity of roles and focus; enhanced welfare programs for the staff; increased manpower with enhanced capacity development; adopted clear and professional standards through manuals/guidelines; enhanced use of technology to manage information/data; reduced backlog of complaints; streamlined judgement implementation and seized property management; enhanced legal framework including ratification of UNCAC; strengthened national as well as international cooperation; among others.

Accordingly, the review identified strategic areas requiring further attention to enhance effectiveness, efficiency and credibility of the ACC. Some of the key recommendations of the review were related to reinforcing prevention, education, and investigation approaches of the ACC for sustainable impact; enhancing internal communication, coordination and integration with enhanced check and balances; strengthening some systems and processes of different functions in view of the experiences; among others. Further, the review having been conducted amid the pandemic highlighting the need for the ACC to maximize the use of technological advancement to enhance its efficiency as well as effectiveness in preventing and deterring corruption.

Subsequently, many of the recommendations highlighted were adopted such as institution of an internal Prevention Advisory Committee to enhance mainstreaming of anti-corruption measures; revised terms of reference and member composition of the Screening Committee and Investigation Review Committee (IRC); reviewed Memorandum of Understanding (MoUs) signed with national as well as regional/international counterparts; among others. Further, all the recommendations of the review will be an important reference for developing new strategic roadmap for the ACC.

1.5.2. Mid-Term Review of the 12th FYP 2018 – 2023

One of the national priorities for the 12th FYP is to mainstream anti-corruption and integrity measures with ‘*Corruption Reduced*’ retained as one of the NKRA. With the ACC as a lead agency for the 12th NKRA, corresponding Agency Key Result Areas (AKRA) and Key Performance Indicators (KPI), a total of 3 and 24 respectively, are being implemented by various public and private agencies including the ACC. This mainstreaming of anti-corruption and integrity measures is expected to eventually contribute to 12th FYP goal of “*just, harmonious and sustainable society through enhanced decentralization*”. During the reporting period, the ACC conducted the Mid-Term Review of the 12th NKRA and its corresponding AKRAs including some targets related to few other NKRAs.

On the whole, the review revealed a modest achievement under 12th NKRA, despite the pandemic related disruptions with almost 70 percent of the indicators at the NKRA and AKRA levels being on track. Specifically, the status of two KPIs under the 12th NKRA is as follows:

- (i) The score of Transparency International’s Corruption Perceptions Index has increased from 67 in 2017 to 68 in 2020. Bhutan’s score has improved

Reviewing **Institutional performance & foresight** in the fight against corruption



steadily over the years also improving its rank from 26th in 2017 to 24th in 2020.

- (ii) The score of National Integrity Assessment has increased from 7.95 in 2016 to 7.97 in 2019. For comparative purpose, if we exclude new component on Ethical Leadership from the NIA 2019, the national integrity score for 2019 is 8.01.

While the status of these two KPIs indicate a progressive trend, the review highlighted on the need to redouble the efforts by all stakeholders to achieve the target and sustain the current momentum of promoting anti-corruption and good governance.

Further, with regard to the status of six AKRAs and its 12 corresponding KPIs of the ACC in the 12th FYP, 9 KPIs were ‘on track’ while 4 KPIs were ‘at risk’. Among others, progress has been made on ‘reduced TAT for investigation’ from 120 in 2016 to 65.8 working days in 2020; ‘percentage of citizen’s experience in offering bribes to public officials’ reduced from 10.2 in 2016 to 4 percent in 2020 as per the National Corruption Barometer Survey 2020 of the BTI; ‘proportion of cases investigated from the total complaints qualified for investigation’ increased from 30 in 2016 to 41.06 percent in 2020. Nevertheless, in moving forward, the review highlighted the need to redefine a target value related to the KPI on ‘AD performance score’ and also revise data source for two KPIs. The specific revision in the target for the KPI on ‘AD performance score’ was to reduce the score from 95 to 92 percent in view of challenges faced by the implementing agencies over the progressive annual AD assessment parameters that not only assesses compliance to AD but also measures quality aspects in the administration and management of the AD.

With respect to financial performance, 58.11% of the approved current outlay and 39.51% of the capital outlay has been achieved in the reporting period. However, the capital expenditure excludes the HRD related expenses, as the outlay did not account the budget for the HRD. The HRD budget allocation could not be ascertained during the formulation of the 12th FYP and it was noted “to be mobilized” in the plan period. In due course of time, the ACC secured supports from the RGoB and development partners to undertake capacity development activities. As of May 2021, capital expenditure on HRD alone account to Nu. 19.713 million. Therefore, to ensure correct assessment of the ACC’s financial performance, a total of Nu. 48.894 million has been proposed to be incorporated

as budget for HRD and accordingly revise the ACC's capital outlay in the 12th FYP to Nu. 258.894 million. With the rapid advancement in the socio-economic and political development, it will always be challenging to cope with corruption vulnerabilities. Hence, HRD is a critical precondition for effective and efficient actions against corruption. A detailed report has been submitted to the Gross National Happiness Commission Secretariat (GNHCS).

The Mid-Term Review was good opportunity to revisit the targets in view of the current pandemic and change in the ACC's leadership. With moderate progress made thus far in implementing the planned targets, the review cautioned the need to fortify concerted actions to achieve the targets by the end of the FYP. This is only possible with collective actions and ownership of all stakeholders against corruption.

1.5.3. Annual Review of the Annual Performance Targets: FY 2019 – 2020 & FY 2020 – 2021

During the reporting period, APT for two FYs, 2019 – 2020 and 2020 – 2021, were evaluated to assess performances of the organization based on the targets set by ACC's Departments/ Divisions/ Services. The year-end evaluations of the APT scored the ACC's performance at 90.85 for FY 2019 – 2020 and 93.27 for the FY 2020 – 2021. Both the scores of the two FYs ranked the ACC in the Category 2, which is "Very Good" group in the Agency Categorization Framework of the Government Performance Management System. The score of 93.27 for the FY 2020 – 2021 is the best score that the ACC achieved so far. With regard to financial performance, the expenditure trends are similar in the last two FYs, which were significantly affected by the COVID-19 pandemic. In the FY 2019 – 2020, 87.2% of the total approved budget of Nu. 163.803 million were utilized, while 86.15% of Nu. 135.41 million approved were utilized in the FY 2020 – 2021.

The performance targets and budget for these last two FYs had to undergo substantial changes due to the COVID-19 pandemic. On one hand, many planned activities had to be deprioritized or downscaled, and on the other, several unplanned activities had to be adopted and implemented depending on the nature of activities to adapt with the pandemic situation and ensure uninterrupted functions. Hence, the progress presented above is notwithstanding the changes in priorities/targets in course of the FY.

1.5.4. Annual Performance Target for FY 2021 – 2022

The APT for the FY 2021 – 2022 has four broad objectives namely, i) Transparent, accountable and integrity system strengthened; ii) Integrity consciousness enhanced; iii) Timely Justice Services delivered; iv) Credibility, effectiveness and public satisfaction in the ACC services enhanced. These annual objectives are expected to successively contribute towards achieving the targets of the 12th FYP and ultimately in building a *happy, harmonious and corruption free society*. There are 10 specific actions/interventions expected of various Departments/ Divisions/ Services with 55 corresponding success indicators (SI). Key focus of the actions and SIs, with total weight of 79 out of 100, is to ensure greater momentum in deterring acts of corruption through effective investigation and mainstreaming of integrity and anti-corruption measures. The remaining weight of the APT, 21 out of 100, is to ensure concerted focus on strengthening efficiency, effectiveness, and credibility of the institution.

A total of Nu. 144.989 million, capital budget of Nu. 53.029 million and current budget of Nu. 91.960 million has been approved for execution of the activities under the APT for the FY 2021 – 2022. The current budget is inclusive of budget for pay & allowance and operational & management services.

1.6. International Standing

1.6.1. Transparency International – Corruption Perceptions Index (TI – CPI)

Bhutan has made steady improvement in the TI – CPI score and rank since 2012. In 2020, Bhutan attained higher achievements improving the rank from 25th in the previous year to 24th. The **Figure 1.14** below depicts the score and rank of Bhutan from 2012 to 2020. The index, which ranked 180 countries and territories by their perceived levels of public sector corruption in 2020, is a critical yardstick to Bhutan as it determines level of country's corruption control in the international arena.

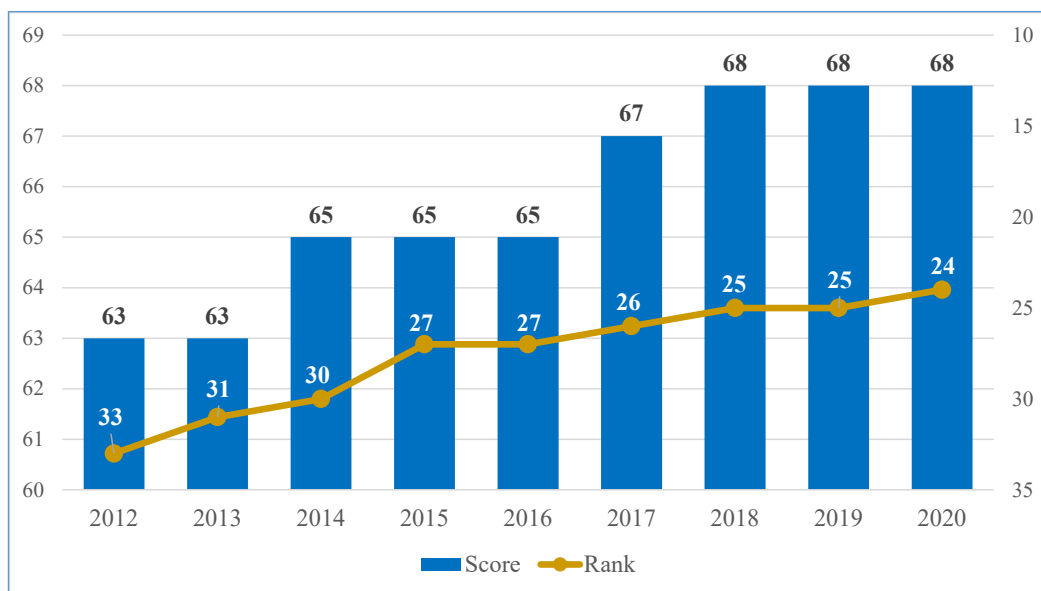


Figure 1.14: Bhutan's TI – CPI ranks and scores from 2012 - 2020

Similar to the past two years four data sources viz., World Bank's Country Policy & Institutional Assessment; Global Insight Country Risk Ratings; Bertelsmann Foundation Transformation Index; and Varieties of Democracy Project were used for determining Bhutan's score and rank in 2020.

Bhutan's score of 68 is much above the global average of 43 and Asia Pacific average of 45. This also makes Bhutan the cleanest country in the SAARC region. Additionally, Bhutan has been consistently maintaining comparatively high rank among SAARC nations. **Figure 1.15** illustrates the CPI rank of SAARC nations in last three years. In addition, Bhutan has retained its sixth position in the Asia Pacific region for last nine years.

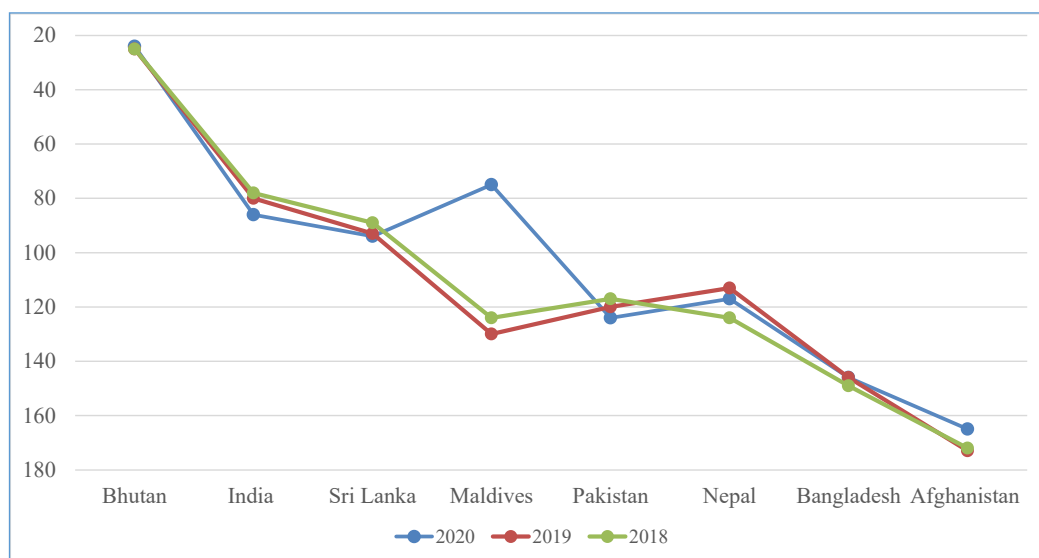


Figure 1.15 : CPI rank of SAARC nations from 2018 – 2020

The CPI 2020 report reveals that most countries have made little to no progress in combating corruption for nearly a decade with more than two-thirds of countries scoring below 50. However, Bhutan's steady rise in the ranking is indicative of the unstinted political will of the government in preventing and combating corruption, the stagnant score of 68 for the past three years is equally indicative that Bhutan needs to redouble her effort in the fight against corruption. Additionally, as Bhutan prepares to graduate from Least Developed Country into Lower Middle-Income Country by 2023, it is even more important for Bhutan to prepare for the worst case, as corruption will only become widespread.

Besides, bridging the missing score of 32 will require concerted efforts from all the stakeholders concerned coupled with intelligent, innovative and adaptive anti-corruption measures to address the challenges of the 21st Century. Though sustained effort has been made to enhance transparency, accountability and integrity in government institutions and private organizations alike, optimal realization of technological integration is still farfetched. Furthermore, with the CSO Engagement Programme at the fore, the participation of civil society in governance can be strengthened. While the effort to mainstream anti-corruption measures has caught the attention at the national level manifested by 12th NKRA 'Corruption Reduced,' in order to fill the missing gap of 32, there is a need to instill a sense of natural responsibility in the society to prevent and combat corruption holistically.

Section 2

Organizational Outlook

People and culture at the core

The section presents overview of the ACC in terms of organogram, people and culture for a trustworthy, credible, strong and effective institution.

2.1. Recruiting, retaining, and developing Human Resources

2.1.1. Recruitment and retention of human resources

During the reporting period, over the span of 18 months, the ACC was joined by 24 new staff with diverse experiences and position levels. On the other hand, 14 officials separated from the ACC with net increase in the staff strength by only 10 as shown in **Table 2.1**. Hence, the total staff strength, as of 30 June 2021, stands at 128 against the projected strength of 152 by July 2020 and proposed staff strength of 174 in the 12th FYP. The total strength of 128 is excluding three Commission members, 12 Drivers, 1 GSP and 3 ESP.

Table 2.1: Summary of recruitment and separation

Position category & Level	Internal recruitment	Recruitment (+)			Separation (-)			Net increase
		Lateral transfer	New	Total	Resignation	Transfer	Total	
Executive & Specialist	0	1	0	1	1	0	1	0
Professional & Management Category (P1 – P5)	3	2	10	12	6	1	7	5
Support & Supervisory Category (S5 – SS4)	3	2	9	11	5	1	6	5
Total	6	5	19	24	12	2	14	10
		24			14			

It was also during the reporting period that the tenure of the 2nd Commission completed. Upon receiving Dhar from His Majesty the Druk Gyalpo on 28 October 2020, Chairperson Deki Pema, Commissioner Jamtsho and Commissioner A Karma Rinzin joined the ACC as the 3rd Commission.

Further, the 12th FYP staffing proposal has been submitted to the RCSC in June 2020 and the revised proposal after the appointment of the 3rd Commission in May 2021. The response was not received during the reporting period.

2.1.2. Capacity Development

During the reporting period, a total of 329 slots were availed to attend 45 different trainings, including one slot for ex-country training. Despite the COVID-19 pandemic, the ACC staff had opportunities to attend diverse capacity development programs conducted virtually by regional and international institutions as well as national stakeholders. Moreover, the ACC conducted several in-house experiences and skills sharing programs during occasions when the core operations of the ACC were affected by the COVID-19 pandemic.

Further, the ACC conducted its first-ever customized three weeks ‘*mandatory training on anti-corruption studies*’ for its 31 new staff in June 2021. This basic training on the core functions of the ACC was introduced after the adoption of Competency Framework based HRD Plan that was developed in-house in 2019. Besides introducing concepts, principles, standards, techniques, best practices and experiences of corruption and anti-corruption functions including legislative provisions, the training developed softer skills such as *Driglam Namzha* (basic etiquettes), leadership of self, and team building. While most of the sessions were conducted by in-house professionals, three sessions were conducted by experts from various agencies like National Council, Department of Culture, MoHCA and Institute for Management Studies.

2.1.3. Innovation Dumra Initiative for self-directed learning and development

Besides traditional mode of developing capacity through training and sharing programs, the ACC also promotes self-directed learning and development among the staff. During the reporting period, the ACC instituted a voluntary program called the ‘*Innovation Dumra Initiative*’ to nurture talents, ingenuity, and innovation in staff through promotion of self-exploration and in-depth researches. At the individual level, the initiative invokes greater action and responsibility in the staff for one’s own learning. On the other hand, the initiative calls for creative solutions in delivering the ACC’s mandates to prevent and fight corruption. Hence, such initiative is expected to help the staff and the institution to keep abreast with the rapidly changing social and technological environment and its corresponding effect on corruption dynamics and anti-corruption measures.



Nurturing
INTERNAL
COMMUNICATION
for enhanced coordination

The initiative has attracted 22 officials who are currently exploring different areas such as Cryptocurrency, Block chain, Management Science, Big Data, Artificial Intelligence, Predictive analytics, Quantum Computing, Virtual Reality & Augmented Reality, Machine Learning, Behavioral Science, Internet of Things (IOT) and Digital Identity. As part of the initiative, the ACC conducted experience-sharing session on Bitcoin and introductory visit to Fablab Bhutan. The Initiative will be an integral activity to be continued and nurtured over the ensuing years.

2.2. Nurturing conducive work environment

2.2.1. Enhancing integrity in the ACC

The ACC, as a lead agency to prevent corruption, continued to mainstream integrity and anti-corruption measures as an integral part of its organizational functions and management. To this effect, as reported in the last Annual Report, the ACC adopted OIP to implement target driven integrity and anti-corruption measures. During the reporting period, the ACC implemented the revised OIP with effect from July 2020. The review of the ACC's OIP highlight that 86.7% of its OIP were implemented in the FY 2020 – 2021.

One of the activities under the ACC's OIP includes management and administration of gifts as per the Gift Rules 2017. In the reporting period, 119 gifts were declared by 14 ACC officials. Of the total, 83 gifts were retained by the recipients being permissible, 31 gifts were deposited in office for the official use and five were returned to the giver for being from the prohibited sources.

2.2.2. Nurturing culture of communications and team spirit

The ACC has various internal communications platform at different levels among the staff, management, Directors and Commission, conducted in the scheduled intervals of either weekly or quarterly basis. Such forums aim to reinforce communication, coordination and collaboration within the ACC through timely and effective information, consultation, integration and regulations of activities, decisions, policies and principles. In the reporting year, while the COVID-19 pandemic affected in-person gathering, most of the communication forums were alternatively conducted as scheduled on a virtual mode.

Promoting
SOCIAL
cohesion
for a shared
purpose



To ensure effective follow-up action on the Commission's decisions taken in various meetings, a decision tracking application has been developed in-house and adopted during the reporting period. The *Commission's Decision App* consolidates all the decisions; facilitate timely actions and monitors implementation status of all the decisions enhancing transparency and accountability of information and actions.

The Foundation Day on 31 December, every year, is an occasion for the ACC to celebrate and reinforce common goal, solidarity and team spirit. Given the COVID-19 pandemic, the ACC's 15th Foundation Day, in the reporting period, was observed virtually. In observing the day, the ACC members connected with both Former Chairpersons of the ACC and introspected on His Majesty The King's Royal Address to the Nation during 113th National Day to draw inspiration as the ACC moves forward.

2.2.3. Promoting the ACC as an 'Employer of Choice'

Some of the initiatives of the ACC to promote itself as an 'Employer of Choice' are:

- Housing colony

In view of the persistent risks of reprisal and physical assaults, His Majesty The Druk Gyalpo granted a housing colony for the ACC employees to be built at Gangchey, Chang Gewog, Thimphu. Accordingly, in July 2020, 3.24 acres of land has been transferred to the ACC for construction of *Tashiling*, named so by His Holiness. Aligning to His Majesty's noble vision of building smart structures, a concept note detailing out phase-wise execution of the construction works with budget outlay is currently being developed by the ACC. The same will be submitted to the Office of the Gyalpoi Zimpon for further directives.

- Staff Welfare Scheme of the ACC

To be able to financially support each other during the times of need, the ACC has adopted a Staff Welfare Scheme. The scheme continued to provide financial assistance to the staff during demise of their family members.

- ***Childcare Facility***

The childcare facility of the ACC continues to benefit working parents of the ACC. During the reporting period, 16 children were enrolled in the facility managed by three ECCD facilitators. The management of the facility and facilitators are executed by the parents availing the services.

- ***Office building construction at Phuentsholing***

The on-going construction of the ACC office building in Phuentsholing has 90% physical progress and 92.9% financial progress. The construction was expected to be completed by 6 July 2019 as per the contract awarded to M/s. Gyeldron Venture Builders. However, with changes and additional items in the work, plus hindrances occurred in due course of construction, the duration thereof extended beyond the intended completion date. With the outbreak of COVID-19, the government w.e.f. 24 March 2020 had outlined the FORCE MAJURE clause under General Conditions of Contract, via notification no. *MoF/DNP/GPPMD-09/2020-21/611* for re-scheduling of intended completion date for ongoing construction works between procuring agencies and contractors. Thus, the work could not be resumed as Phuntsholing being under Red Zone.

- ***Civil Service Award for dedicated Service***

During this reporting period, eight officials received the Civil Service Award (seven Bronze Category and one Silver) initiated by the RCSC for their dedicated service to the *Tsa-Wa-Sum*. So far, 60 staff received the awards in various categories since 2013.

2.3. Enhancing partnership and networking with key agencies

2.3.1. National networking

Office of the Attorney General

To enhance coordination and collaboration for effective investigation and prosecution of corruption cases, the ACC and OAG jointly developed a revised MoU identifying renewed common area of interest and challenges. A joint Inter-Agency Task Force, constituting members from both the agencies, led the initiative in the reporting period. The MoU is expected to be signed in the later part of the year 2021 and it will be the guiding framework for collaboration between the two institutions without undermining respective statutory mandates and independence.

Jigme Singye Wangchuck School of Law

The ACC and Jigme Singye Wangchuck School of Law recognizing potential of the institutional collaborations to promote Rule of Law and prevention of corruption in the country, decided to sign a MoU. During the reporting period, a draft MoU was drawn identifying areas of cooperation and is expected to be signed in the third quarter of the year 2021.

Regional/International networking

International Anti-Corruption Academy (IACA), Austria

Recognizing the functions of IACA to facilitate anti-corruption education and training of professionals from all sectors around the world, the ACC initiated dialogue with IACA to sign a MoU. The MoU is expected to build a sustainable linkage between the two institutions on mutual areas of interests such as capacity building and technical assistance on anti-corruption. If approved by the Cabinet, the MoU is expected to be signed by the end of 2021.

Enhancing

NATIONAL

collaboration to prevent
& combat corruption



Independent Commission Against Corruption (ICAC), Mauritius

Upon request from the ICAC of Mauritius, the ACC shared its experiences on Asset Declaration and Management virtually during the reporting period. Following the experience sharing session, the ICAC proposed to sign a MoU to formalize any future collaborative engagements. Accordingly, the draft MoU has been prepared during the reporting period.

Independent Commission Against Corruption (ICAC), Hong Kong

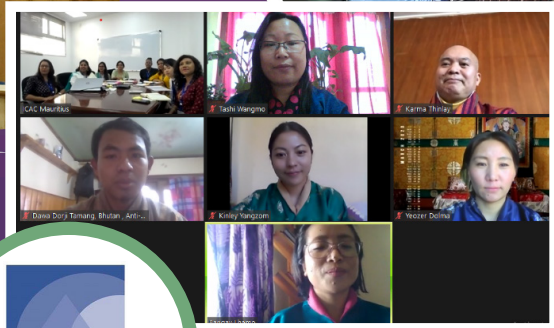
As a follow-up to the two-member delegation from ICAC of Hong Kong to Bhutan in September 2019, the ICAC conducted three days virtual capacity development programs for 24 ACC officials in June 2021. The training was a goodwill initiative of ICAC to help develop skills of the ACC officials on strategies for preventive education and community engagement; use of multimedia publicity in youth education; promoting ethics in business sector; preventing corruption in public sector; and corruption prevention in public procurement.

Justice Sector Programme 2018 – 2023

As reported in the earlier Annual Reports, the Austrian Development Agency (ADA) is supporting the ACC to implement Justice Sector Strategic Plan 2018 – 2023 under its four-year Justice Sector Programme. Against the initial committed budget of Nu. 31.298 million (EUR 0.417), the revised apportioned budget for the ACC is Nu. 24.323 million (EUR 0.324) after a total of Nu. 31.6 million (EUR 0.403) from the overall Programme's grant budget was contributed to the national COVID-19 response, which includes Nu. 6.975 million (EUR 0.093 million) from the ACC's share.

During the reporting period, the ACC undertook the following:

- (i) Conducted thematic sessions on Ethics & Integrity Management trainings for the RBP and RSTA officials.
- (ii) Commenced two Masters programmes against the target of three.
- (iii) Conducted review of the ACC's Institutional Development Plan (IDP) 2011 – 2020.
- (iv) Developed two MoUs proposed to be signed with the IACA of Austria and ICAC of Mauritius.



Strengthening
Regional & International
coalition against corruption

- (v) Procured two specialized portable interviewing equipment and accordingly developed internal Standard Procedure and User Manual.

In the FY 2020 – 2021, the total expenditure was Nu. 6.297 million (47.6%) against the approved budget of Nu. 13.240 million. The implementation of the programme activities were significantly affected by the COVID-19 pandemic wherein planned capacity development programs and exchange or experience sharing programs with regional & international counterparts could not be initiated. Moreover, Masters candidates currently availing their respective programs through online mode, due to international travel restrictions, has also affected the budget utilization capacity.

Besides the above specific activities of the ACC under the Programme, the ACC also actively participated with other justice institutions namely, RCoJ, RBP, OAG, Bhutan National Legal Institute, among others, to implement the activities of common interests or roles. Some of the key initiatives include development of proposals to strengthen child justice systems and procedures led by the RCoJ; initiation of the Legal Needs Survey and development of integrated data/systems for enhanced sharing of information among the justice institutions led by the OAG; and establishment of national forensic laboratory led by the RBP, among others.

Section 3

Resolutions of Parliament



This section reports on the implementation status of the Parliamentary resolutions on the ACC's Annual Report 2019.

3.1. Resolutions of the 5th Session of the Third Parliament – National Assembly on the ACC's Annual Report 2019

01

With increase in corruption cases over the period and to expedite the legal proceedings of the corruption cases before the Court, the Committee recommends to designate a separate Bench for Corruption cases.

To facilitate speedy actions on corruption cases, the RCoJ in November 2019 planned to establish Corruption Benches in four regions namely, Thimphu, Punakha, Trongsa and Tashigang to be operational with effect from 1 January

2020. However, the RCoJ is yet to establish any Regional Courts as planned. It was given to understand that it is due to the concerns on accessibility for the litigants.

Given that most corruption cases are complex in nature with multiple modus operandi, it can be often difficult for the judges to understand the cases as compared to other conventional criminal cases resulting in the delay of adjudication. Court specialization is often perceived as a strategy to generate efficiency. As a result, one of the most common arguments used in favour of setting up specialized anti-corruption Courts is the need to accelerate the adjudication of corruption cases and promote precedence in dealing with similar cases.

Currently, there are no specialized Courts for corruption cases in the country. The Courts handle corruption cases, in addition to all other criminal cases. This arrangement contributes to delays in concluding corruption cases. Therefore, as highlighted in the ACC's Annual Report 2015, the need for specialized courts/benches to deal with corruption cases is becoming more apparent in view of the increasing complexity of such cases. This will also reduce the time taken to decide on corruption cases.

Nonetheless, in the absence of separate Specialized Corruption Benches established, there are directives passed by the Hon'ble Supreme Court of Bhutan on the requirement to complete the hearing process for corruption cases within a maximum period of six months after its registration. However, there are no mechanisms for fixing accountability on failure to comply with such requirements. Moreover, the directives do not specify who will monitor such cases and what will be the sanctions in case of such failures.

02

As per the report, there are many cases of Assets not being restituted by the government in accordance with the Court judgment. Therefore, the Committee recommends the OAG to expedite the recovery of Assets

One of the areas of discussion between the OAG and ACC during the bi-lateral meetings to enhance cooperation between the two agencies was on the restitution of assets and disposal of the seized properties.

03

Since most of the corruption is committed at the policy level and in the electoral system, the Committee recommends the Anti-Corruption Commission to conduct Corruption Risk Management for Policy and electoral system henceforth.

Considering the serious ramifications of corruption in the policymaking and electoral system, the ACC in collaboration with the GNHCS and RIM started a research to identify potential areas of policy corruption in our democratic set up including its extent, characteristics and risks; and accordingly devise specify policy-corruption mitigation strategies. Currently, the ACC is in the process of finalizing the report. This is also in keeping with the resolution of the 17th Session of the National Council.

3.2. Resolutions of the 26th Session of National Council on the ACC's Annual Report 2019

01

Set clear criteria for selection of gewogs/agencies to conduct advocacy sessions based on their immediate need.

In keeping with the recommendation, the ACC reviewed and adopted selection criteria to prioritize target such as gewogs/agencies for advocacy and awareness sessions based on principles of vulnerability and requirements of the respective agencies. The criteria includes determination based on the analysis of complaints (types and frequency); findings and recommendation of system study/researches; resolution of the Parliament; Reports of RAA; action taken on complaints shared; *ad hoc* request of the agency and the Commission's decisions.

02

Conduct periodic impact assessment of the advocacy programmes on the behavioral changes of the target group.

The ACC is planning to undertake a research on integrity and value education to determine the level of youth integrity, perception of youth on integrity violation and perception of parents and teachers on integrity in youth. While this is expected to gauge overall level of integrity of youth in schools, it will comparatively analyze integrity of the students in two categories of schools, i.e with and without integrity clubs, to assess impact of various integrity and anti-corruption programs in schools through the clubs. Besides such research, assessing impact of the ACC's general advocacy programmes on behavioral changes immediately after the sessions is not viable given that the education and awareness is a long-term intervention.

03

Upscale the awareness programme on electoral corruptions ahead of the third local Government elections.

Recognizing the potential risk of electoral corruption, the ACC initiated discussions with the ECB to collaborate in conducting awareness and advocacy prior to the elections. As reported in the **section 1.1.1** of this report, the ACC and ECB are jointly developing IEC materials to advocate the voters and candidates on electoral corruption. As an immediate action, the ECB will be engaging the ACC to provide inputs on integrity and anti-corruption or conduct sessions during

their voters training and education programs. Further, a module on ethics and integrity has been discussed to be integrated in the voter education manual that the ECB is currently developing.

04

Establish an effective follow-up system on the ATRs.

At the outset, to minimize system lapses and human errors in conducting administrative enquiry, the ACC developed and disseminated an advisory sheet as a guide to the agencies. Moreover, despite the limited manpower, concerted efforts were made to follow-up on pending ATRs. In particular, the ACC coordinated with those agencies having relatively higher number of pending ATRs to render timely responses. This was besides the standard system instituted in the ACC to send follow-up letter on pending ATRs quarterly.

Likewise, given the substantial numbers of ATRs pending with the agencies, the ACC plans to develop and adopt a Push Button Technology to further augment the existing follow-up system on ATRs. The system is expected to facilitate organized and timely management of ATRs with regular reminders and easing the agencies to report the ATR through the system.

At the same time, the Commission has also been considering the other options to ATR, notably opting more for Information Enrichment to be taken up by ACC itself.

05

Accord equal emphasis on proactive measures by identifying agencies/ individuals with high risk of corruption and making timely interventions.

As reported in the **section 1.2.3**, a proposal to institute a proactive tool ‘Integrity Assessment and Management (IAM)’ has been developed by the ACC. IAM is expected to facilitate assessment and management of potential corruption risks that are inherent in organizations with differing levels of severity due to weak internal controls, systems, practices and poor enforcement. The ACC also plans to conduct system study on CCP in the FY 2021 – 2022 that is expected to plug corruption risks in community contracting works.

Further, in view of poor quality of complaints and increasing number of cases getting dropped over the past few years, the ACC has been trying to accord more emphasis on proactive and high impact cases. However, investigations continue to be driven by complaints. In this regard, during this reporting period, an internal

taskforce was formed to develop policy and procedural guidelines to conduct proactive investigations based on risks and impact of corruption.

06

Reconcile any contradictory findings of two or more reports published by the ACC (for example, NIA 2019 indicates outstanding rating for local Government while the corruption complaints received against LGs as per the annual reports reflect the highest).

While the figures may appear contradictory, they are actually not, as:

1. The outstanding Gewogs' score in NIA 2019 are not directly comparable to the highest number of allegations received by the ACC.
2. The LG category is comprised of the maximum number of agencies i.e. 205 gewog administrations with the most and direct interface with the public leading to the high number of allegations. The number of allegations does not necessarily translate proportionately to actual level of corruption or lack of integrity.
3. The NIA assessment of transparency, accountability and corruption in the public service delivery is *limited* to 'payment of cash/kind/gratifications' and 'abuse of function' types of corruption offences whereas the complaints received by the ACC comprises of *all* types of corruption offences as per the ACAB 2011.

However, to avoid misinterpretation of various reports, in particular the information on complaints and investigations, the presentation of the complaints analysis has been improved in this Annual Report including segregation of Thromdes and Gewogs as separate category of agencies. Nevertheless, the Gewogs continue to be the most alleged institution with 92 complaints received in the reporting period. The total number of Gewogs, which is the highest, compared to other category of agencies or sector also needs to be taken into consideration while recognizing Gewog to be the most alleged institution.

07

Liaise with Royal Civil Service Commission to establish a separate security unit within the Commission.

With adoption of a Policy and Procedures on Physical Safety of the ACC Officials, the ACC submitted and discussed its proposal to establish a separate security unit

with the RCSC. However, the proposal was under the RCSC's review during the reporting period.

Preparatory works have already been initiated in the ACC by developing guideline on security incidence reporting and management; guideline on promoting employees' mental wellbeing; and also segregating the task of security unit from the investigative functions. Further, given the importance of self-defense techniques for the physical safety of the ACC officials, self-defense training has been incorporated in the module for the Mandatory Training.

08

Enhance the coordination between the Anti-Corruption Commission and Office of the Attorney General to prosecute the corruption cases in an amicable manner.

Towards enhanced coordination and collaboration to discharge its respective mandates, the OAG and ACC had mutual agreement to sign a revised MoU. The details are in **section 2.3.1** of this report.

Section 4

Moving Forward

Governance, development and corruption is so intertwined that ensuring robust institutional capacity to understand the intricacies and accordingly devise appropriate anti-corruption strategies/interventions has become imperative. However, with rapid advancement in the socio-economic and political spheres triggered by social and technological innovations, it has become challenging for institutions like the ACC to remain conversant with adequate capacities in promoting good governance and reducing corruption. Already, signs of losing the grip over sustaining a culture of integrity, transparency and accountability were highlighted in the Royal Kasha on Civil Service Reform:



Institutions of check and balance have had the reverse effect on stifling initiative and courage in decision-making even as corruption is at risk of being institutionalized as a norm, and accountability has been minimal.”

In this regard, it has become inevitable for the ACC to redefine its policies and operational procedures and step up to the challenges and needs of the hour. More than anything else, the ACC must bolster its capacity with contemporary knowledge, skills and techniques to effectively address emerging corruption issues in this 21st Century. Besides, it is equally critical to reinforce anti-corruption legal framework to not only ensure that corruption is a *high cost low benefit crime* but also sustain the institutional mandate resolutely. Therefore, following are some of the areas that the ACC deems important in moving forward with greater vigor and stride in building a *happy, harmonious and corruption free society*:

4.1

Operational independence

With increasing uncertainties, development policies/strategies including human and financial resources adopted are often inundated or rendered irrelevant. Notwithstanding the opportunities presented, the current COVID-19 pandemic has proven beyond reasonable doubt on how critical uncertainties are forcing the countries, agencies and individuals to rethink its policies/strategies. In such a scenario, maintaining agile, innovative and intelligent policies/strategies is key towards sustained socio-economic development. Moreover, corruption being a complex phenomenon requires intelligent and prompt response to prevent and combat corruption effectively. Further, given the sensitive nature of the ACC's mandate, it is critical to safeguard from any external influences. However, without human resource independence to determine its own organizational structure, service conditions and personnel management, it has been challenging to cope with the growing uncertainties.

Given the persistent HR challenges, delinking the ACC from the civil service has become imperative to fully operationalize independence guaranteed in the Constitution so as to remain relevant in this rapidly evolving environment. Accordingly, in its proposal for amendment of the ACAB 2011 to the Parliament, the ACC submitted for revision in Sections 8 and 28 of ACAB 2011 to ensure HR independence as envisioned in the Article 27 (1) of the Constitution.

Besides the Constitution, the need for HR independence was highlighted by the National Law Review Taskforce and well explained in the book title 'The Constitution of Bhutan: Principles and Philosophies' that independence is the *sine qua non* to discharge its duty without fear or favour as subordination is servitude. Further, Article 6 (2) of UNCAC requires State parties to grant independence to the anti-corruption agencies to enable carry out its functions without undue influence. In addition, the Jakarta Principles also identifies functional, financial and human resource independence as one of the fundamental requisites for effective anti-corruption agencies.

4.2

Research, intelligence and technology driven anti-corruption programs and capacities

With rapidly evolving environment that is aided by versatile technology, preventing and combating corruption is expected to become even more challenging. Hence, re-engineering anti-corruption efforts that is driven by research, intelligence and technology is inevitable. Further, given the quality of complaints that are often old and not of strategic importance, there is need to shift priority from complaint-based investigation to intelligence-based investigation to ensure sustainability and effectiveness in fighting corruption.

Some of the key milestones that the ACC targets to achieve are enhancement of proactive research and intelligence-based investigation; enhancement of zero tolerance culture to corruption in Law Enforcement & Regulatory Agencies; institutionalization of Integrity Vetting System; improvement in the compliance to disciplinary actions; and ultimately inculcate a society that is based on values and principles of integrity, accountability and discipline. In doing so, the ACC also must expand its presence across the country including enhancement in specialized capacity to prevent, detect and deter corruption effectively. Besides this, enhancing network among the law enforcement and regulatory agencies for enhanced information/resource sharing, exchange of technical expertise and capacity building is critical. Moreover, ensuring adequate resources to embrace advanced knowledge, skills and technologies (such as artificial intelligence, block chain, etc.) will be imperative to not only remain relevant but also stay ahead.

4.3

Adaptive organizational structure

The changes in the strategic approaches of the organization, forced by rapid socio-economic development, often require corresponding change in the operating structure. Over the years, core mandates of the ACC have been delivered through three-pronged approach that emphasized equal and synergistic framework or design of workflow. The organizational structure has undergone several changes to adapt with the changing strategic focus of the organization. Nonetheless, the ACC will have to constantly revise its structure to keep up with the revision and realignment of strategies for emerging opportunities and issues of the changing environment.

For instance, an immediate plan to enhance effectiveness of the ACC by revisiting its core mandates to focus on proactive research, intelligence and analysis will also require reconsideration of the organizational structure. The ACC is currently developing a Strategic Anti-Corruption Roadmap that will identify enhanced strategies to mainstream integrity and anti-corruption measures and deter acts of corruption in the country. Any changes in the approaches and structure will evidently influence the staffing needs. This is inevitable not only to enhance performances through effective management of workflow but also to intrinsically promote morale and motivation in the employees as it has effect on processes, activities, and the team spirit. Therefore, it is important that the ACC strive to institute an adaptive organizational structure that is flexible, entrepreneurial and responsive to the organizational needs and changes. And such changes must be effected without losing much time.

4.4**Adequate financial resources**

As highlighted in the past annual reports, financial resource is one of the prerequisites to sustain anti-corruption programs in the country. Accordingly, until date, the ACC's operations and programs have been supported with adequate resources from the RGoB and developmental partners. Yet, the determined efforts of the country to reduce corruption will require continued support of the Government and the policy makers with enhanced budgetary support. The ACC, as an institution, is at the crossroads to strive towards achieving greater momentum having completed 15 years of its operations. Greater momentum is about adopting innovative and strategic approaches, building specialized skills, and introducing sophisticated technological infrastructure to effectively tackle corruption in the 21st century. These are all resource intensive initiatives.

4.5**Effective and credible law enforcement agencies**

Effective enforcement of laws forms the bedrock of any anti-corruption strategy. However, effective enforcement depends on unambiguous statutes, independent enforcement agencies with adequate resources, and professional staffs to prevent, detect, investigate, prosecute and convict the perpetrators. Studies reveal that the probability of being caught and of being convicted

help individuals determine whether to indulge in corruption or not. Hence, effective enforcement of existing laws in the country can in turn increase the probability of a conviction or enhance deterrence. Moreover, considering the social, economic and political ramification of corruption, it is critical to ensure that corruption is a *high cost low benefit crime* by enhancing the quantum of penalty.

Given the complexity, fighting corruption calls for multi-stakeholder approach, which is often misconstrued as the sole responsibility of the ACC. In this regard, law enforcement agencies can play a critical role as the gatekeepers of integrity, transparency, accountability and justice by enforcing respective laws effectively. In doing so, it is crucial to put in place adequate internal control measures and equip with advanced capacities. Further, there is need to enhance coordination and collaboration among the law enforcement agencies to enhance turnaround time for justice services.

Furthermore, as the economy rapidly digitalizes, leveraging technology is inevitable to ensure interoperability of various governance systems/databases for seamless identification, authentication and cross-sectoral collaboration. Besides promoting digital governance, through this it is expected to maximize transparency, accountability, and minimize wastage of public resources. With increasing digital interaction at an unprecedented rate, it is critical to optimize the on-going initiatives on the National Digital Identity to enhance fraud detection besides streamlining e-government services and minimizing public resources.

The background is a solid blue color. Overlaid on this are numerous thin, white, horizontal and diagonal lines that resemble circuit traces or data paths. These lines are of varying lengths and are interspersed with small, semi-transparent white circles of different sizes, creating a technical, digital aesthetic.

Conclusion

Conclusion

Bhutan has made some progress in the fight against corruption. At the international level, Bhutan has improved its rank in the TI – CPI to be the 24th least corrupt country in the world. The mid-term review of the 12th FYP reveals almost 70 percent of the indicators being well on track despite disruptions caused by the pandemic. Corruption is no more a social taboo wherein people not only discuss about corruption openly in social space but also come forward to report corruption, as also indicated by increasing trend in complaints from the known sources. Though slow, organizations are starting to acknowledge the benefits of mainstreaming anti-corruption measures. On the whole, efforts to mainstream anti-corruption measures have been able to maintain consistent momentum with the assignment of mandatory indicators on anti-corruption measures in the annual performance agreements/targets/compacts. As an institution, it also marks 15 years of unrelenting effort to prevent and combat corruption. Further, with the change of guards, efforts to make anti-corruption measures as an integral part of the overall governance system by building on the success stories and experiences gained over the years has received renewed leadership.

However, in order to sustain the above momentum and remain relevant in this rapidly changing socio-economic and political dimension, fighting corruption will require a different level of intelligence, competence and valor.

Drawing from the slow progress as depicted in the NIA 2019 with paltry increase in the score by just 0.02 over a three-year period, it only indicates that anti-corruption strategies and interventions adopted to date are falling short in the face of complex corruption phenomenon. Similar trend is also observed in the TI – CPI score of 68, which has remained same consecutively for the last three years further underscoring the need to reengineer anti-corruption measures.

With maximum share of complaints being administrative in nature persistently, the writing on the wall is that the existing policies and systems are inadequate to handle complex corruption issues. Despite repetitive corruption scandals in the same organizations/systems, it has had little or no effect in strengthening internal safeguards and creating deterrence. Instead, the culture of transparency and accountability is often sidelined in the pretext of administrative burden or

implemented as an obligation to external factors such as the ACC. This in turn is aggravated with poor coordination among agencies coupled with weak enforcement from regulatory agencies. In such a scenario, the existing anti-corruption policies and systems are too far from withstanding emerging corruption issues with rapid economic growth and material prosperity like transnational corruption syndicate, illicit financial inflows, illegal match fixing, and cybercrime, among others.

The Royal Kasho on Civil Service Reform underscored that,



The twenty-first century economy will be driven by artificial intelligence, robotics, automation, big data, and block chain, while digital currency, digital wallet, digital banking, and quantum computing will define the financial landscape.”

Hence, more than ever, as the country embraces a renewed development paradigm for the 21st Century, it is imperative to reinforce collective effort with unequivocal leadership from all the stakeholders to prevent corruption from being an impediment in realizing national aspirations. Further, with increasing uncertainties, sharpening anti-corruption foresight with anticipatory governance, well founded on the framework of collaboration, is the need of the day. Moreover, given the fact that corruption cannot be addressed by the ACC alone, convening regulatory agencies in collectively identifying issues and problem solving is yet another approach that needs reinforcement. In doing so, these would require enhanced ethical competence of the leaders to appreciate the common purpose of fighting corruption and evolve beyond individual differences to design practical, creative and inclusive anti-corruption solutions.

Furthermore, poised as we are at the cusp of rapid technological advancement and sea changes, preparing anti-corruption regime that espouses the principle of *high cost low benefit crime* is inevitable with increasing corruption sophistication. In this regard, ensuring robust anti-corruption legal framework that deters perpetrators before the commitment of an offence is critical besides strengthening institutional and human resource capacity to adapt swiftly in times of crisis or uncertainties. The on-going global pandemic has only reconfirmed that corruption thrives in times of crisis or disruptions with gradual exposure of corruption cases in COVID-19 response delivery and recovery efforts around the globe.

More than anything, it is important to ensure that corruption does not debilitate hard-earned public trust and confidence in the State apparatus. More so as we move forward, promoting integrity-based and disciplined society will be one of the quintessential elements in realizing a self-reliant and developed nation in the next 10 years.

We have no option but to stand **UNITED AGAINST CORRUPTION** to recover and thrive.

Annexures

Annex I: Cases forwarded to the OAG for prosecution from Jan 2020 – Jun 2021

SN	Case No	Case Title	Referral Date
1	02/2019 (Part I)	Tax Evasion by Rigsar Construction	09-01-2020
2	28/2019	Embezzlement by Account Asst. IV in Ministry of Health	18-02-2020
3	32/2019	Embezzlement of Government revenue in RSTA, Regional Office, Gelephu	05-03-2020
4	33/2019	Embezzlement of Private Funds in Bhutan Oil Corporation, Gelephu	11-12-2020
5	04/2020	Embezzlement of funds in Lhamoizingkha Dungkhag Administration, Dagana	17-03-2021
6	35/2019	Allegation against Auction Committee Members for suspected price rigging during auction in BDBL	31-05-2021

Annex II: Cases under review by the OAG as of June 2021

SN	Case No	Case Title	Referral Date
1	15/2017	Embezzlement in M/s International Treks and Tours Pvt. Ltd (ITT), Paro	09-10-2017
2	28/2017	Bribery, Fraudulent Practice & Tax Evasion in the construction of Gelephu Domestic Airport	29-06-2018
3	16/2017	Encroachment of Government Land at Olakha, Thimphu	18-09-2018
4	07/2014	Illegal registration of Government land at Wangsisina, Thimphu	07-11-2018
5	16/2018	Bribery and fraud involving traffic personnel in connection to obtaining driving licence from RSTA	18-07-2019
6	22/2019	Corruption in the procurement of goods (bitumen) in Thimphu Thromde	11-09-2019
7	18/2018	Corruption in the procurement of works in Thimphu Thromde	02-10-2019
8	09/2019	Solicitation of bribery by MoWHS official in relation to import of Wire Mesh	28-11-2019
9	28/2019	Embezzlement by Account Asst. IV in Ministry of Health	18-02-2020
10	04/2020	Embezzlement of funds in Lhamoizingkha Dungkhag Administration, Dagana	17-03-2021
11	35/2019	Allegation against Auction Committee Members for suspected price rigging during auction in BDBL	31-05-2021

Annex III: Cases with Courts as of June 2021

SN	Case No	Case Title	To OAG/ Agency- Referral Date	Trial Court		Appellate Court		Status
				Registration Date	Jurisdiction	Registration Date	Jurisdiction	
1	05/2014	Misuse of powers and government fund by former Gelephu Drungpa (Gangtok Fund & Tokey Gecko)	09-03-2015	20-11-2015	District Court, Sarpang	02-09-2019	Larger Bench, High Court	One defendant appealed
2	13/2014 (Part 27)	Yoezer Import House (Leki Dema Civil Part)	04-04-2016	29-08-2016	Dungkhag Court, Phuntsholing			Appeal for additional order against Erred Judgment
3	10/2015	Embezzlement of fund in Dungsam Cement Corp. pertaining to AIN 13021	04-07-2016	17-10-2016	Dungkhag Court, Nganglam	06-09-2019	Larger Bench, High Court	
4	01/2014	Fraud and bribery in the illegal repatriation of Indian Rupee, DPNB, Thimphu	13-10-2015	25-10-2016	District Court, Thimphu	15-04-2021	Larger Bench, High Court	
5	04/2015	Land substitution fraud at Trongsa involving former Dzongdag Lhap Dorji	17-07-2015 OAG returned on 31-12-2016	15-02-2017	District Court, Trongsa	16-12-2019	High Court	
6	05/2012	Bribery and illegal regularization of govt. land at Tshalumaphey, Thimphu.	26-05-2016	21-03-2017	District Court, Thimphu	19-02-2020	Larger Bench, High Court	
7	11/2015	Fraudulent DSA Claim in Royal Monetary Authority	23-06-2016	23-03-2017	District Court, Thimphu	10-05-2020	Larger Bench, High Court	
8	09/2013	Embezzlement in FCBL Depot, P/Ling	02-08-2016	26-03-2017	Dungkhag Court, Phuntsholing	06-09-2019	District Court, Chukha	

SN	Case No	Case Title	To OAG/ Agency- Referral Date	Trial Court		Appellate Court		Status
				Registration Date	Jurisdiction	Registration Date	Jurisdiction	
9	01/2013 (Part 4)	Fraudulent registration and encroachment of 33 decimal government land at Lungtenphu	07-09-2016	04-04-2017	District Court, Thimphu	09-07-2020	High Court	
10	01/2013 (Part 3)	Encroachment of 132 decimals govt. land at Gangchey and Chang Debsi	06-07-2016	05-04-2017	District Court, Thimphu	02-04-2020	High Court	
11	06/2015	Fraud and embezzlement related to commemoration of International Anti-Corruption Day 2014 organized by YMC	05-10-2015	17-08-2017	District Court, Thimphu	31-07-2019	Larger Bench, High Court	
12	12/2016	Illegal regularization of Public Tsamdro at Chang Debsi	30-12-2016	03-10-2017	District Court, Thimphu	30-06-2021	Supreme Court	
13	07/2015	Fraud and embezzlement at RICBL Branch Office, Paro involving Rinchen Wangdi and Yoezer Dema	29-04-2016	05-10-2017	District Court, Paro	10-07-2021	Supreme Court	
14	01/2016	Embezzlement of funds by Public Servant at RICBL, Thimphu	29-12-2016	06-02-2018	District Court, Thimphu	11-05-2020	Larger Bench, High Court	
15	22/2016	Embezzlement of fund by Assistant Engineer, Trashi Yangtse Dzongkhag	24-04-2017	26-02-2018	District Court, Trashi Yangtse	17-01-2020	Larger Bench, High Court	

SN	Case No	Case Title	To OAG/ Agency- Referral Date	Trial Court		Appellate Court		Status
				Registration Date	Jurisdiction	Registration Date	Jurisdiction	
16	21/2016	Embezzlement of funds by Goshing Gup	10-10-2017	06-04-2018	Dungkha Court, Panbang	16-05-2021	Supreme Court	
17	23/2016	Embezzlement of fund in BDBL, Thimphu	22-06-2017	18-05-2018	District Court, Thimphu	10-01-2020	High Court	
18	07/2017	Embezzlement of fund in Immigration Office, Paro Airport	20-02-2018	04-07-2018	District Court, Paro	30-03-2020	High Court	
19	01/2013 (Part 7)	Fraudulent registration and encroachment of 1.10 acres of Shokshing at Gyabjakha, Babesa involving Naku	29-09-2016	25-08-2018	District Court, Thimphu	16-12-2019	High Court	
20	21/2017	Embezzlement of funds by Public Servant in BDBL, Pema Gatshel	06-03-2018	30-10-2018	District Court, Pema Gatshel	10-08-2020	Larger Bench, High Court	
21	10/2009	Illegal registration of government land at Emalakha, Gedu by Ap Chethay	21-12-2016	09-11-2018	District Court, Chukha	16-10-2020	High Court	Under review
22	28/2017	Bribery, Fraudulent Practice & Tax Evasion in the construction of Gelephu Domestic Airport	29-06-2018	16-01-2019	Dungkha Court, Gelephu	11-07-2020	District Court, Sarpang	
23	19/2017	Forgery in the construction of Park Range Office, Gasa	09-07-2018	21-01-2019	District Court, Gasa	10-02-2021	Larger Bench, High Court	

SN	Case No	Case Title	To OAG/ Agency- Referral Date	Trial Court		Appellate Court		Status
				Registration Date	Jurisdiction	Registration Date	Jurisdiction	
24	04/2018	Suspected Collusion between T&K const. and SPBD, MoE	23-08-2018	23-01-2019	District Court, Lhuntse			Under trial
25	08/2018	Suspected embezzlement and forgery by former legal officer, DPNBL	16-10-2018	14-02-2019	District Court, Thimphu	03-08-2020	High Court	
26	08/2017	Fraudulent purchase of land by Penden Cement Authority Ltd at Gelephu	07-11-2017	04-04-2019	Dungkhag Court, Gelephu			Under trial
27	14/2016	Irrational financial transactions between RICBL and Nubri Capital	29-12-2017	05-04-2019	District Court, Thimphu			Under trial
28	24/2016	Fraudulent registration and encroachment of government land at Debsi	06-06-2017	05-07-2019	District Court, Thimphu	16-06-2021	High Court	
29	06/2017	Embezzlement of cash from ATM,DPNB Ltd, Thimphu	09-10-2017	23-07-2019	District Court, Thimphu			Under trial
30	15/2018	Encroachment of government land at Pangchang Khorloi Tag Kasha Lungpa, Thimphu	28-12-2018	10-07-2019	District Court, Thimphu			Under trial
31	29/2017	Corruption in tendering process under Overseas Employment Program implemented by MoLHR	28-12-2018	26-08-2019	District Court, Thimphu			Under trial

SN	Case No	Case Title	To OAG/ Agency- Referral Date	Trial Court		Appellate Court		Status
				Registration Date	Jurisdiction	Registration Date	Jurisdiction	
32	23/2017	Fraud & corruption involving Official from Department of Livestock, MoAF.	27-12-2018	02-10-2019	District Court, Thimphu			Under trial
33	14/2018	Embezzlement of fund in Samdrup Choling Dungkhag Administration by Account Assistant.	28-06-2019	04-11-2019	Dungkhag Court, Samdrup Choling	25-05-2020	District Court, Samdrup Jongkhar	
34	13/2014 (Part 44)	Fraudulent Practice by Former RD, Choyzang Tashi, RRCO pertaining to Tee Dee Enterprise, Sonam Beer Agency & Yeshey Cement Agent (Civil Part)	12-10-2015	20-11-2019	Dungkhag Court, Phuntsholing	20-11-2019	Larger Bench, High Court	
35	03/2018	Embezzlement of fund at Phuentsholing Dungkhag	28-12-2018	20-12-2019	Dungkhag Court, Phuntsholing			Under trial
36	09/2016 (Part I)	Tax fraud involving M/s Lhai Metog Export & Import between 2009 to 2017	31-12-2018	16-02-2021	District Court, Thimphu			Under trial
37	18/2017	Encroachment of govt. land at Hejo, Thimphu	04-10-2018	30-01-2020	District Court, Thimphu			Under trial
38	01/2019	Fraudulent practice by Mr. Leki Wangchuk of M/s Zangchok Const.	23-07-2019	27-10-2020	District Court, Tashigang			Under trial

SN	Case No	Case Title	To OAG/ Agency- Referral Date	Trial Court		Appellate Court		Status
				Registration Date	Jurisdiction	Registration Date	Jurisdiction	
39	16/2018	Bribery and fraud involving traffic personnels in connection to obtaining driving licence from RSTA	18-07-2019	10-12-2020	District Court, Thimphu			Under trial
40	26/2017	Fraud and corruption in Gol funded construction project in CST, Phuentsholing	28-05-2019	14-12-2020	Dungkha Court, Phuentsholing			Under trial
41	09/2016 (Part II)	Embezzlement of Buddha Dordenma Project Fund	13-09-2019	15-02-2021	District Court, Thimphu			Under trial
42	22/2017	Allegation against NCHM on tendering of water discharge system Trashigang	06-03-2018	27-10-2020	District Court, Trashigang			Under trial
43	33/2019	Embezzlement of Private Funds in Bhutan Oil Corporation, Gelephu	11-12-2020	01-03-2021	Dungkha Court, Gelephu			Under trial
44	32/2019	Embezzlement of Government Revenue in RSTA, Regional Office, Gelephu.	05-03-2020	04-03-2021	Dungkha Court, Gelephu			Under trial
45	02/2019 (Part I)	Tax Evasion by Rigсар Construction	09-01-2020	06-04-2021	District Court, Mongar			Under trial

Annex IV: Judgments rendered between Jan 2020 to Jun 2021

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
1	01/2013 (Part VII)	Encroachment – 1.10 Acres of Government Land at Gyabjakha, Babesa, Thimphu	28-05-2018	06-12-2019	District Court, Thimphu	Under appeal before High Court
2	22/2016	Misuse of fund in construction of irrigation canal at Trashi Yangtse	26-02-2018	06-12-2019	Bench I, High Court	Under appeal at Larger Bench
3	09/2015	Embezzlement of Funds in Bhutan Post	20-02-2019	30-12-2019	Bench I, High Court	
4			17-01-2020	06-10-2020	Larger Bench. High Court	Enforcement pending
5	23/2016	Embezzlement of public funds in BDBL, Thimphu	21-05-2018	31-12-2019	District Court, Thimphu	Under appeal before High Court
6		Embezzlement of public funds in RICBL, Paro (All)	05-10-2017	31-12-2019	District Court, Paro	
7		Embezzlement of public funds in RICBL, Paro Branch Office (Heruka)	03-01-2020	30-11-2020	High Court	Appealed to Larger Bench, High Court
8		Embezzlement of public funds in RICBL, Paro Branch Office (Yezer Dema)	03-01-2020	26-03-2021	High Court	Enforcement pending
9	07/2015	Embezzlement of public funds in RICBL, Paro Branch Office (Dorji Wangdi)	03-01-2020	05-04-2021	High Court	Appealed to Larger Bench, High Court
10		Embezzlement of public funds in RICBL, Paro Branch Office (Norbu Tshering)	03-01-2020	10-06-2021	High Court	Appealed before Supreme Court

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
11		Embezzlement of public funds in RICBL, Paro Branch Office (Rinchen Wangdi)	07-01-2020	30-06-2021	High Court	Appealed before Supreme Court
12		Embezzlement of public funds in RICBL, Paro Branch Office (Tshering Wangdi)	07-01-2020	12-03-2021	High Court	Appealed to Larger Bench, High Court
13		Embezzlement of public funds in RICBL, Paro Branch Office (Karma Rinzin)	20-01-2020	05-03-2021	High Court	OAG appealed to Larger Bench, High Court
14		Embezzlement of public funds in RICBL, Paro Branch Office (Tashi Dendup)	20-01-2020	05-03-2021	High Court	
15		Embezzlement of public funds in RICBL, Paro Branch Office (Khachey)	20-01-2020	12-03-2021	High Court	
16		Embezzlement of public funds in RICBL, Paro Branch Office (Tshering Deki)	20-01-2020	12-03-2021	High Court	
17		Embezzlement of public funds in RICBL, Paro Branch Office (Lhaba Tshering)	20-01-2020	15-03-2021	High Court	
18		Embezzlement of public funds in RICBL, Paro Branch Office (Chedup Drukpa)	20-01-2020	10-07-2020	High Court	
19		Embezzlement of public funds in RICBL, Paro Branch Office (Pema Wangda)	20-01-2020	07-08-2020	High Court	Appealed to Larger Bench, High Court
20		Embezzlement of public funds in RICBL, Paro Branch Office (Tshering Gyem)	20-01-2020	14-09-2020	High Court	
21		Embezzlement of public funds in RICBL, Paro Branch Office (Tashi Namgay)	27-04-2020	14-12-2020	High Court	

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
22	13/2014 (Part 36)	Business Income Tax Evasion by M/S Kenpa Private Limited	01-08-2019	20-12-2019	District Court, Chukha	Appealed before High Court
23			16-01-2020	29-10-2020	High Court	Judgment review
24		Embezzlement of fund in Paro Airport by Immigration Officials.	04-07-2018	16-04-2020	District Court, Paro	
25			05-07-2018	06-07-2020	District Court, Paro	
26	07/2017		05-07-2018	31-01-2020	District Court, Paro	Appealed before High Court
27			03-08-2020	24-02-2021	High Court	
28			20-05-2020	07-08-2020	High Court	
29	13/2014 (Part 17)		18-03-2016	12-02-2020	Supreme Court	
30	01/2013 (Part I)	Forgery (Criminal Part) Encroachment – 1.37 Acres of Government Land at Tshalumaphey	03-10-2017	31-01-2020	District Court, Thimphu	Enforcement pending
31	01/2013 (Part III)	Encroachment – 1.32 Acres of Government Land at Gangchey & Chang Debsi	08-09-2017	23-03-2020	District Court, Thimphu	Appealed before High Court
32	14/2018	Embezzlement of fund by Account Asst. at Samdrup Choling Dungkhag Administration.	04-11-2019	29-04-2020	Dungkhag Court, Samdrup Choling	Appealed before District Court, Samdrup Jongkhar
33	11/2015	Fraudulent DSA Claim in Royal Monetary Authority	25-06-2019	30-04-2020	High Court	Appealed before Larger Bench, High Court

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
34	12/2016	Illegal transaction of Land at Chang Debsi by former LRO and Gup Kanjur pertaining to CRN/2014/4/9	15-07-2019	19-05-2020	High Court, Bench III	Appealed before Larger Bench, High Court
35	03/2018	Embezzlement of fund in Phuentsholing Dungkhag Administration	20-12-2019	20-05-2020	District Court, Wangdue Phodrang	
36	01/2018	Embezzlement of Funds by public servants	02-12-2019	19-06-2020	High Court	
37	01/2013 (Part IV)	Encroachment 0.33 acres of Government land at Lungtenphu	14-09-2017	29-06-2020	District Court, Thimphu	Appealed before High Court
38	02/2014	Fraud and bribery in repatriation of Indian Rupee from Druk PNB Ltd. Thimphu	10-05-2018	28-03-2019	High Court	
39			15-05-2019	18-06-2020	Larger Bench, High Court	Enforcement pending
40	28/2017	Bribery, Fraudulent practice and tax evasion in construction of Gelephu Domestic Airport.	16-01-2019	01-07-2020	Dungkhag Court, Gelephu	Appealed before District Court, Sarpang
41	08/2018	Embezzlement of funds by public servants in DPNB, Thimphu	14-02-2019	30-07-2020	District Court, Thimphu	Appealed before High Court
42	13/2014 (Part 9)	Rabten Pharmaceutical & Medical Supplies	02-10-2019	30-07-2020	Larger Bench	
43	11/2018	Fraud & corruption involving incumbent DYT Thrizin, Mongar Dzongkhag	23-09-2019	10-08-2020	District Court, Mongar	
44	16/2018	Bribery & fraud involving traffic police in connection to obtaining of driving licence from RSTA.	12-03-2020	01-10-2020	District Court, Haa	

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
45	10/2009	Encroachment of Government Land at Emalakha, Gedu by Chethey (Aminang Case)	15-07-2019	16-10-2020	High Court	Judgment review
46	21/2017	Embezzlement in BDBL Branch, Pema Gatshel involving Asst. Branch Manager	26-01-2020	31-07-2020	High Court	Appealed before Larger Bench, High Court
47	02/2016	Embezzlement of funds by Teller, BNBL, Paro	01-10-2019	10-01-2020	High Court	
48			27-01-2020	28-06-2021	Larger Bench, High Court	Enforcement pending
49	05/2012	Bribery in illegal regularization of govt. land at Tshalumaphey, Thimphu.	12-04-2019	04-02-2020	High Court	Appealed before Larger Bench, High Court
50	03/2017 (Part II)	Fraud & corruption involving senior RICBL management in false insurance claim	27-10-2020	18-03-2021	Larger Bench, High Court	
51			04-05-2021	19-05-2021	Supreme Court	Enforcement pending
52	03/2017 (Part IV)	Irrational investment by the RICBL Management in Sherab Reldri Higher Secondary School, Mongar	20-09-2019	03-12-2020	District Court, Thimphu	
53	21/2016	Embezzlement of Public Funds by Goshing Gup, Panbang	06-06-2018	06-05-2021	Larger Bench, High Court	Appealed before Supreme Court
54	03/2019	Embezzlement of funds by Tellers at BDBL, Tsirang.	18-03-2020	14-04-2021	District Court, Tsirang	Enforcement pending
55	14/2012	Financial irregularities in the operation of Govt. Fund in Royal Bhutan Embassy, Thailand.	09-11-2020	27-04-2021	Supreme Court	Enforcement pending
56	13/2014 (Part 33)	Tax evasion by JPLP	05-04-2021	14-05-2021	Supreme Court	Enforcement pending

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
57	24/2016	Fraudulent registration and encroachment of Government Land at Chang Debsi, Thimphu	22-07-2019	25-05-2021	District Court, Thimphu	Appealed before High Court
58	10/2015	Embezzlement of funds by Accounts Officer in DCCL, Nganglam	11-09-2019	30-06-2021	Larger Bench, High Court	Appealed before Supreme Court

Annex V: Judgments implementation – restitution between Jan 2020 to Jun 2021

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered						Remarks	
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Amount (Nu.)		Asset
1	04/2007	Embezzlement in Youth Development Fund	10/25/2007	10/15/2009	High Court	Singye Dorji	1,169,895.56		-		500,000.00	669,895.56		Pending
2	18/2008	Samtse Mining Case	04/10/2009	12/30/2011	Supreme Court	Sangay Gyeltshen	43,262,980.00		357,235.98		2,173,679.10	41,089,300.90		Pending
					Supreme Court	Nagay	47,844,281.52		1,089,716.62		5,184,072.88	42,660,208.64		Pending
3	4B/2010	Construction of Dagana HSS and Pangna CPS, Dagana Dzongkhag	08/05/2010	05/28/2012	High Court	Phanchung	1,402,563.00		-		502,563.00	900,000.00		Pending
4	13B/2009	MoH: Bribery of Liaison Officers at Kolkata	12/10/2010	08/22/2012	High Court	Tshewang Samdrup	665,000.00		-		242,339.00	422,661.00		Pending
5	07/2011	Fraudulent Misappropriation and embezzlement in Health Procurement Fund (Offshoot from Case 13/2009)	02/20/2012	04/11/2013	Supreme Court	LB Subha	4,103,761.98		-		1,790,643.98	2,313,118.00		Pending
6	03/2013	Embezzlement in BOBL, Punakha	01/15/2014	09/26/2014	High Court	Tshering Chodup	2,927,009.00		746,155.00		756,155.00	2,170,854.00		Pending
						Wangdi	2,001,464.00		-		-	2,001,464.00		Pending
7	10/2010	Construction of BHU at Narang	07/03/2012	01/14/2015	Supreme Court	Ugyen Wangchuk	5,190,888.20		3,000,000.00		5,190,888.20	-		Restitution Completed

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered							Remarks
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset		Amount (Nu.)	Asset	
8	11/2009	Misuse of Government vehicle and manpower, false claim of TA/DA at CDCL	08/06/2012	01/12/2016	High Court	DN Sharma	-	28 decimal land at Chukha & G/phu	-	-	-	13 decimal land at G/phu	Execution under process by NLCS.	
9	01/2015	Embezzlement in RICBL, Dagana	12/29/2015	07/07/2016	High Court	Tandin Chogyal	789,909.10		-		323,375.00	466,534.10	Pending	
10	13/2014 (Part 7)	Bribery and Tax evasion by Rigsum Enterprise	03/18/2016	05/11/2018	Dungkhag Court, P/ling	Sonam Choden	446,000.00		-		-	446,000.00	Pending	
11	13/2014 (Part 21)	Bribery and Tax evasion by Penjor Steel	03/18/2016	05/14/2018	Dungkhag Court, P/ling	Tashi Wangdi	1,056,100.00		-		-	1,056,100.00	Pending	
12	13/2014 (Part 19)	Bribery and Tax Evasion by Kundrup Enterprise	03/18/2016	05/22/2018	Dungkhag Court, P/ling	Bikash Agarwal	83,769,270.00		-		-	83,769,270.00	Judgment rendered in absentia.	
13	25/2016	Embezzlement of fund in Bhutan Telecom, Wamrong	02/05/2018	09/18/2018	Dungkhag Court, Wamrong	Karma Choeji	1,613,081.77		-		509,710.00	1,103,371.77	Pending	
14	04/2016	Fraud and embezzlement in RRCCO, P/Ling	03/28/2017	11/20/2018	Dungkhag Court, P/ling	Tshering Dorji	1,357,224.13		-		-	1,357,224.13	Pending	
15	13/2014 (Part 40)	Bribery and tax evasion by Tashi Enterprise	03/31/2017	06/04/2018	Dungkhag Court, P/ling	Anu Lamghadey	8,564,036.01		-		6,854,036.01	1,710,000.00	Judgment rendered inabsentia.	
16	05/2017	Embezzlement of fund in BDBL, Thrimshing	12/13/2018	07/31/2019	Dungkhag Court, Thrimshing	Sonam Jamtsho	1,964,769.00		-		-	1,964,769.00	Pending	
17	13/2014 (Part 3)	Bribery and tax evasion by Brumi enterprise	03/18/2016	09/16/2019	High Court	Tashi Pem Sanjay Gupta	4,928,288.24		60,000.00		4,849,288.24	79,000.00	Pending	
											-	-		

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered						Remarks	
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset		Amount (Nu.)		Asset
18	13/2014 (Part 9)	Bribery and Tax Evasion by Rabten Pharmaceuticals	03/18/2016	09/13/2019	High Court	Yangki Tshering	2,991,436.35	2,539,776.00		2,736,436.35	255,000.00	Pending		
						Bal Krishna Pandey				-	-			
19	13/2014 (Part 44)	Bribery and tax evasion by Tee Dee Enterprise, Yeshey Cement agent and Sonam Beer Agency	06/27/2017	04/23/2019	Dungkhag Court, Pling	Choyzang Tashi	688,416.67	-	-	278,000.00	410,416.67	Pending		
						Tenzin Delkar				-	-			
						Rajiv Bhansali				-	-			
20	13/2014 (Part 12)	Druk Norlha enterprise, Druk Norlha Company and Norlha Beer Agent	03/18/2016	05/30/2019	High Court	Tandin Wangchuk	365,000.00	-		200,000.00	165,000.00	Pending		
						Sonam Penjor	353,600.00	-		200,000.00	153,600.00			
21	13/2014 (Part 4)	Bribery and Tax Evasion by Chotaylal Shah	03/18/2016	07/25/2019	High Court	Chulai Sha	7,098,337.08	-		6,868,337.08	230,000.00	Pending		
						Chotaylal Sha				-	-			
22	13/2014 (Part 5)	Bribery and tax evasion by M/s Rabten Roadways	03/18/2016	08/26/2019	High Court	Sonam Wangmo	4,500,958.30	832,500.00		4,223,458.30	277,500.00	Pending		
23	13/2014 (Part 2)	Bribery and tax evasion by M/s T Phuentsho Enterprise	03/18/2016	08/26/2019	High Court	Sonam Wangmo	1,952,217.32	-		1,817,217.32	135,000.00	Pending		
24	01/2017 (Part III)	Fraud and embezzlement of public fund during 5 th & 10 th batch De-Suang training involving Lt. Col. Rinzin Yeshey & Zepa		03/15/2019	Supreme Court	Rinzin Yeshey	216,933.96	-		-	216,933.96	Pending		

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restate	Restitution ordered						Remarks	
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Amount (Nu.)		Asset
25	01/2017 (Part IV)	Fraud and embezzlement of public fund during 6 th batch De-Suung training involving Major Jurmi		03/15/2019	Supreme Court	Jurmi	17,561.42		-		-	17,561.42		Pending
26	01/2017 (Part V)	Fraud and embezzlement of public fund during 7 th & 22 nd batch De-Suung training involving Major Ugyen Nidup & Pelpon Sangay Drakpa		03/15/2019	Supreme Court	Ugyen Nidup	659,145.00		-		-	659,145.00		Pending
27	01/2017 (Part VI)	Fraud and embezzlement of public fund during 8 th & 20 th batch De-Suung training involving Major Ugyen Lhendup	08/01/2017	01/08/2019	Larger Bench, High Court	Ugyen Lhendup	396,368.24		-		-	396,368.24		Pending
28	01/2017 (Part VII)	Fraud and embezzlement of public fund during 9 th batch De-Suung training involving Major Sigay Tshewang & Nima Gyeltshen	08/01/2017	03/15/2019	Supreme Court	Sigay Tshewang	37,156.00		-		-	37,156.00		Pending

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered						Remarks	
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Amount (Nu.)		Asset
29	01/2017 (Part VIII)	Fraud and embezzlement of public fund during 11 th & 17 th batch De-Suung training involving Lt. Col. Karma Tharchen & Peljab Sonam Dendup	08/01/2017	03/15/2019	Supreme Court	Karma Tharchin	60,140.00		-		-	60,140.00		Pending
30	01/2017 (Part X)	Fraud and embezzlement of public fund during 13 th batch De-Suung training involving Major Sonam Lhagyel & Peljab Sonam Dorji	08/01/2017	03/15/2019	Supreme Court	Sonam Lhagyel	173,497.00		-		-	173,497.00		Pending
						Sonam Dorji	30,000.00		-		-	30,000.00		Pending
31	01/2017 (Part XI)	Fraud and embezzlement of public fund during 14 th & 23 rd batch De-Suung training involving Major Lingi Jamtsho	08/01/2017	03/15/2019	Supreme Court	Lingi Jamtsho	47,816.00		-		-	47,816.00		Pending
32	01/2017 (Part XIII)	Fraud and embezzlement of public fund during 16 th batch De-Suung training involving Lt. Ugyen Dorji & Peljab Tashi Phuntsho	08/01/2017	03/15/2019	Supreme Court	Ugyen Dorji	230,429.77		-		-	230,429.77		Pending

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered						Remarks	
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Amount (Nu.)		Asset
33	01/2017 (Part XIV)	Fraud and embezzlement of public fund during Pel Dechok Khorlo Wang and 18 th batch De-Suung training involving Major Kuenga Norbu & Pejab Wangchuk	08/01/2017	01/10/2019	Larger Bench, High Court	Kuenga Norbu Wangchuk	76,974.26		-			76,974.26		Pending
34	01/2017 (Part XV)	Fraud and embezzlement of public fund during 19 th batch De-Suung training involving Lt. Col. Ugyen Norbu	03/15/2019	01/10/2019	Supreme Court	Ugyen Norbu	56,254.60		-			56,254.60		Pending
35	21/2017	Embezzlement in BDBL Branch, Gelephu involving Asst. Branch Manager	10/30/2018	07/04/2019	Dungkha Court, Gelephu	Phub Gyeltshen	293,881.02		-			293,881.02		Pending
36	01/2013 (Part 6)	Illegal registration and encroachment of 106 decimals of govt. land at Serbithang in 2000 involving Gup Naku	07/12/2017	10/25/2019	District Court, Thimphu	Naku	662,362.80	106 decimal	-			662,362.80	106 decimal land at T/phu	Execution under process at NLCS
37	01/2013 (Part 9)	Illegal registration and encroachment of 63 decimals of govt. land at Tshalumaphay involving Gup Naku	07/12/2017	10/25/2019	District Court, Thimphu	Naku	400,760.00	46 decimal	400,760.00			-	46 decimal land at T/phu	Restitution Completed
38	13/2014 (Part 16)	Bribery and tax evasion by Yeshi Pema Tyres and Enterprise	18/03/2016	17/09/2019	High Court	Namgay Wangmo Ankush Agarwal	670,000.00		670,000.00			-		Completed
							3,414,144.98					3,414,144.98	-	Completed

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered							Remarks
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset		Amount (Nu.)	Asset	
39	01/2013 (Part 1)	Illegal registration and encroachment of 1.37 acres of govt. land at Tshalunaphey involving Gup Naku	03/10/2017	01/31/2020	District Court, Thimphu	Namgay	-	82 decimal		-	-	-	Execution under process at NLCS	
						Kencho	-	20 decimal		-	-	-		1.37 acres
						Dechen Youden	-	26 decimal		-	-	-		
						Wangdi	-	9 decimal		-	-	-		
40	07/2015	Embezzlement of public funds in RICBL, Paro Branch Office	01/01/2020	07/10/2020	High Court	Chedup Dukpa	100,000.00		100,000.00	100,000.00	-	-	Restitution Completed	
41	09/2015	Embezzlement of Funds in Bhutan Postal Corporation by Messenger	01/17/2020	10/06/2020	Larger Bench, High Court	Lhawang Tshering	5,096,209.00		-	-	5,096,209.00		Pending	
42	16/2018	Bribery & fraud involving traffic police in connection to obtaining of driving licence from RSTA.	03/12/2020	10/01/2020	District Court, Haa	Kelzang Phuntsho	15,000.00		-	-	15,000.00		pending	
43	07/2015	Embezzlement of public funds in RICBL, Paro Branch Office	01/03/2020	03/26/2021	High Court	Nidup Dorji	7,000.00		-	-	7,000.00		Pending	
44	03/2019	Embezzlement of funds by Tellers in BDBL, Tsirang.	08/18/2020	04/14/2021	District Court, Tsirang	Yezer Dema	35,171,314.33		-	-	35,171,314.33		Pending	
						Santa Maya Gurung	8,547,807.85		-	-	8,547,807.85		Pending	
45	14/2012	Financial irregularities in the operation of Govt. Fund in Royal Bhutan Embassy, Thailand.	11/09/2020	04/27/2021	Supreme Court	Dawa Zam	8,547,807.85		-	-	8,547,807.85		Pending	
						Chenda Tobgay	17,416,646.44		6,525,511.70	6,525,511.70	10,891,134.74		Pending	

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered						Remarks	
							Total restitution ordered		Restituted between Jan 2020 to Jun 2021		Total Recovery	Restitution pending		
							Amount (Nu.)	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Amount (Nu.)		Asset
46	03/2017 (Part II)	Fraud & corruption involving senior RICBL management in false insurance claim	05/04/2021	05/19/2021	Supreme Court	Dasho Sherab Gyeltshen	226,546.00		-		-	226,546.00		Pending
47	13/2014 (Part 33)	Tax Evasion by JPLP	11/18/2019	05/14/2021	Supreme Court	Lal Chand Prasad	154,619,635.00		-		-	154,619,635.00		Pending
48	13/2014 (Part 44)	Fraudulent Practice by Former RD, Choyzang Tashi, RRCC pertaining to Tee Dee Enterprise, Sonam Beer Agency & Yeshey Cement Agent (Civil Part)	11/20/2019	07/06/2021	Larger Bench, High Court	Choyzang Tashi	410,416.61		-		-	410,416.61		Pending
Total restitution ordered & restituted from Jan 2020 to Jun 2021							230,158,383.08		16,321,655.30		-	412,374,653.48		

Restitution Ordered from 2006-2019	632,910,255.99
Restitution Ordered from Jan 2020 to Jun 2021	230,158,383.08
Gross Restitution Ordered	863,068,639.07
Restituted till 2019	118,874,934.69
Restituted from Jan 2020 to Jun 2021	16,321,655.30
Total Restituted	135,196,589.99
Cases under appeal (restitution pending till 2019)	195,459,562.46
Cases under appeal (restitution pending between Jan 2020 to Jun 2021)	120,037,833.14
Total restitution for cases under appeal	315,497,395.60
Gross restitution pending as of 30 June 2021	412,374,653.48

Myths VS Facts



ACC picks and chooses complaints

01

- All complaints are registered with auto-generated Unique Identification Number & managed in the web-based software called 'Complaints & Investigation Management System'.
- All complaints are decided on first-come-first serve policy, except for hot pursuit complaints related to ongoing HR & procurement issues, through two tier system – 1) Complaints Evaluation Committee & 2) Commission.
- Conflicts of interests are declared & managed in every process of decision making.
- All complaints are decided into five actions viz. a) investigation, b) administrative action, c) sensitization, d) information enrichment and e) drop based on standard pursuable parameters.
- Any complaint that qualifies for investigation are prioritized by Screening Committee as per the Prioritization Guideline.



All the complaints that the ACC receive are investigated

02

- ACC investigates only those complaints with corruption offence as per Chapter 4 of ACAB.
- Only about 5 – 10 percent of the total complaints qualify for investigation annually whereas rest are either shared for administrative action, sensitization, information enrichment or dropped.



ACC carries out detention and search & seizure operations late at night/during weekends and public holidays on purpose

03

- Search operations are conducted as per 60 (3) of CCPC and 101 (1) of ACAB, wherein the warrant permits the ACC to enter the premise only between 7 AM to 5 PM. However, once the search and seizure operations are underway, it can go beyond 5 PM.
- ACC resorts to detention of people under investigation only if there is imminent risks of tampering evidence/witnesses or risks of flight depending on the nature of case.



Investigators act in a highhanded manner and are insensitive & rude

04

- All ACC staff are bound by the ACC's ethical code of conduct
- Interview is a passive method of soliciting information from the interviewees whereas interrogation is adopted only when an investigator is reasonably confident & certain that the accused has committed the offence.
- Interviews/interrogations are strictly conducted in accordance with the Guideline on interview and interrogation, which requires the investigators to exercise courtesy to our clients and ensure safety of suspects and witnesses at all times.
- At all times, investigators concerned are prohibited from embarrassing, condemning & humiliating interviewees.
- If the suspect is a female, interview and interrogations are carried out in the presence of a lady officer.
- All interview/interrogation proceedings are recorded, both in audio & video, for future reference.

Myths VS Facts



Interrogation is carried out in a dark and small room

05

- The interrogation room in the ACC is like any other usual office space with adequate health and safety measures including ventilation, timely meals, water and tea.



Investigators carry weapons/-guns

06

- The ACC does not use any forms of weapons or fire arms in exercise of its mandates and power.



ACC is only after small fish

07

- ACC investigates all suspected or alleged corruption offences that qualify for investigation as per the complaints evaluation criteria irrespective of who is involved.



ACC only does investigation

08

The ACC has three-pronged approach in fighting corruption namely:

- i. Prevention to review & analyze systemic weaknesses that may be prone to corruption, and accordingly devise corrective anti-corruption measures supported by empirical researches to safeguard the integrity of the systems.
- ii. Education to build informed citizenry through general advocacy and bring positive behavioral change against corruption with targeted programs viz. Youth Integrity Program, Integrity Clubs, modular curriculum on Ethics & Integrity in schools & tertiary institutions, e-learning course for civil servants, among others.
- iii. Investigation to expose and deter acts of corruption through swift, effective and unbiased investigation.



All the investigation cases results into prosecution

09

- Only those cases which meets the Evidentiary Test and Public Interest Test are referred for prosecution, rest are either dropped or shared with relevant agencies.



All cases after investigation is prosecuted by the ACC

10

- ACC refers all cases to the Office of the Attorney General for prosecution. However, the ACC prosecutes only in case if there is reasonable belief that the case is delayed without a valid reason, manipulated or hampered by interference.
- This Section has been rendered constitutional by the Supreme Court and desirable as a means to ensure checks and balance in a democratic set up.

Myths VS Facts



No one watches over the ACC – there is no check and balance

11

- The ACC submits its Annual Report on its policies and performances to the Druk Gyalpo, Prime Minister & Parliament
- ACC is subjected to auditing by Royal Audit Authority (financial) and Royal Civil Service Commission (HR management)
- ACC functions as per ACAB 2011



Investigators manipulate the evidence to favor or disadvantage certain individuals

12

- There are Committees at different levels to oversee/monitor investigation. It is not left to the investigators.
- The investigation report includes all the relevant evidence gathered during the time of investigation. Moreover, investigators concerned are required to maintain a daily log in their investigation diary of every proceedings to ensure due diligence in gathering evidence.
- Investigators are always reminded not to have investigation biases in their training. Further, the investigation reports are vetted thoroughly to avoid reporting of any such biases, among others.



ACC adopts different standards of investigation for public and private

13

- It is critical to ensure due process of law in a criminal investigation to safeguard the integrity of the case. The ACC initiates investigation in strict accordance with the Standard Operating Procedures regardless of whether the case is in the public or private sector.



There is no involvement of lawyers in the investigative functions

14

- Every investigation team is being assigned with a Legal Officer to provide legal services and counsel on the case.
- Legal Officers in the ACC are mandated to conduct legal vetting on every cases against all relevant legal provisions to ensure that the case fulfils evidentiary & public interest test for prosecution.



There is external interference/influence on the ACC's investigation

15

- ACC is a constitutionally independent body with the constitutional mandate to take all necessary steps to prevent & combat corruption.
- Section 6 of ACAB provides full operational independence and is not subjected to any direction or control of any person or authority.
- ACC has institutionalized internal standard processes/procedures to minimize such interference, wherein every investigation of a case is conducted in a team comprising of two Investigators and a Legal Officer.

Myths VS Facts



ACC immediately investigates the cases that are posted on the social media

16

- Irrespective of the source of information, all complaints are required to be processed through the two tier complaints evaluation system. Only after qualifying the minimum benchmark on pursuable parameters, the complaints are decided either for administrative action/sensitization or information enrichment or investigation or dropped.



Biased and inconsistent suspension of senior officials by the ACC

17

- ACC can only suspend public servants during investigation if there is imminent risks of continuing malfeasance, influencing investigation, destroying/tampering evidence and/or manipulating evidence. However, if the public servant is under arrest and detention, it is automatically suspended.
- After the investigation, suspension of public servants are done by relevant public agencies. The ACC only informs relevant agencies to consider suspension once a formal criminal charges are filed in the Court by the Office of the Attorney General.
- During prosecution, suspension of public officials are left to the decisions of the concerned agencies.



Freezing of properties by ACC leading to damage or loss of value in property

18

- ACC freezes only those immovable properties that are subject matter of corruption to prohibit transaction and developmental activities only and does not restrict it from being used.
- The movable properties are maintained by Seized Property Management Division in the ACC.

If You Care, You Will Dare!

CORRUPTION
Your **NO** counts

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ANTI-CORRUPTION COMMISSION