

# ANNUAL REPORT 2018



**SAY NO TO  
CORRUPTION**



दक्ष, श्रद्धा, सत्ता, शक्ति, शान्ति  
**ACC**  
ANTI-CORRUPTION COMMISSION

## *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.





*Nation building with the past, present and future  
**Druk Gyalpos.***

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# INTRODUCTION

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The year 2018 marked the end of the 11<sup>th</sup> Five Year Plan (FYP) and the beginning of the 12<sup>th</sup> FYP. It was yet another eventful year for the Anti-Corruption Commission (ACC) in furthering the cause of preventing and combating corruption in the country. ‘*Corruption Reduced*’ has been adopted as one of the National Key Result Areas (NKRA) in the 12<sup>th</sup> FYP reaffirming the political will for fighting corruption. The justice sector institutions have also developed and adopted Justice Sector Strategic Plan (2018-2023) as part of the overall development agenda to build a ‘*free, fair, just and harmonious society*’.

The country has made significant achievement in strengthening democratic values and the governance institutions over the years. It is indicated by the improvement in the Varieties of Democracy Index and Governance Indicators in the last five years (2013 – 2017) as per the World Bank’s Worldwide Governance Indicators published in 2018. It is also indicated by the improvement of Transparency International’s Corruption Perceptions Index (TI-CPI) score (from 63 in 2013 to 68 in 2018) and ranking (from 31<sup>st</sup> in 2013 to 25<sup>th</sup> in 2018). The third parliamentary elections in the country were successfully conducted in 2018.

Bhutan, as the State Party to the United Nations Convention against Corruption (UNCAC), completed the first Review Cycle of the Implementation Review Mechanism. The reviewing states for Bhutan are Cook Islands & Tajikistan. Further, Bhutan has also been selected to review the third country, Latvia, to review its second Review Cycle. The two other countries that Bhutan has been selected to review are Thailand and Japan, as reported in the last annual report. Of the three countries, the review of Thailand’s second Review Cycle was undertaken in the reporting year. The reviews besides identifying good practices and challenges, also provided the opportunity to enhance cooperation with the other State Parties.

The ACC, as an institution, has grown in terms of human resources and its reach over the years. As of December 2018, the total staff strength of the ACC had increased to 106 (excluding Commission, Drivers and ESP/GSP) as compared to four when it initially started operations in 2006. The year also saw a change in the composition of leadership of the ACC with the resignation of Commissioner Karma D. Nidup on personal ground on 16 April 2018 and the appointment of Commissioner Ngawang Pem on 23 April 2018.

The total caseload in 2018 was 39 of which 20 were new cases and 19 carried over from the past. Investigation of 27 cases have been completed, of which 18 were forwarded to the Office of the Attorney General (OAG) for prosecution achieving prosecution referral rate of 66.7%. The ACC was also engaged in prosecuting 12 cases, of which nine were related to embezzlement of De-suung Training Fund.

The ACC has made sustained efforts to build corruption resilient systems, policies/procedures and awakened citizenry. Target based thematic advocacy and awareness programs were conducted for youth, public and private officials and general citizens including behavioral change program in the form of Integrity Clubs in 10 schools. Corruption Risk Management (CRM) tool was reviewed and enhanced to further facilitate mainstreaming of risk-based integrity measures in the agencies. Business Integrity Initiative of Bhutan (BIIB) introduced in 2017 in 15 portfolio companies and listed companies of Druk Holding and Investments Ltd (DHI) was taken further to the private companies to encourage them to join the coalition in the fight against corruption. The ACC also enriched the scope of National Integrity Assessment (NIA) for the next survey in 2019 by including a module on Ethical Leadership.

The Annual Report 2018 is the 12<sup>th</sup> report being submitted in accordance with Article 27 (4) of the Constitution of the Kingdom of Bhutan and Section 169 (1) of the Anti-Corruption Act of Bhutan (ACAB) 2011. The report covers the period from January to December 2018.

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

## **SECTION 1: The ACC AS AN INSTITUTION**

The section highlights the Commission's priorities and institutional reforms initiated to build the ACC as a credible, effective and incorruptible institution including collaborations with national and regional counterparts.

## **SECTION 2: The ACC's PERFORMANCE**

The section presents the ACC's performance in delivering its core mandates- prevention, education, and investigation. In addition, management of complaints and referrals, and Bhutan's international standing in the TI-CPI 2018 are covered.

## **SECTION 3: THE RESOLUTION OF PARLIAMENT**

The section reports on the resolutions passed by Parliament pertaining to the ACC and its implementation status.

## **SECTION 4: CHALLENGES AND RECOMMENDATIONS**

The section deliberates on the challenges facing the ACC in sustaining the momentum of mainstreaming integrity and anti-corruption measures including recommendations for interventions.



## SECTION 1: THE ACC AS AN INSTITUTION

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This section highlights the Commission's priorities and institutional reforms initiated to build the ACC as a credible, effective and incorruptible institution including collaborations with national and regional counterparts.

### **1.1. The Commission's Priorities: An Update**

As reported in the Annual Report 2017, the ACC continued to focus on its priorities, both immediate and long-term.

Update on the priorities for the reporting period are as presented below:

#### ***1.1.1. Immediate priorities***

##### ***Organizational re-structuring & staffing***

As reported in the past annual reports, the projected staff strength to be achieved by July 2020 was 147 (excluding Commission, Drivers & GSP/ESP). In the reporting year, it has been revised to 150 considering the need to optimally deliver the mandates of the ACC.

The ACC was expected to recruit 32 additional staff including the 17 unsuccessful recruitment carried over from 2017 and 2016 to achieve the planned staff strength of 128 by December 2018. However, only 27 could be recruited through lateral transfers and new appointments in regular/contract service and another two through internal recruitment (Chief through open competition with promotion and one internal transfer). On the other hand, 17 staff left the ACC resulting in net gain of only 10. As of December 2018 the ACC staff strength had reached 106 as compared to 96 in December 2017 as shown in **Table 1.1** below:

# CHANGE

in the composition of  
leadership of the ACC



**Table 1.1: Recruitment Status**

Department	Revised staff strength	Staff strength (Dec.2017)	Recruited	Separated	Total staff strength (Dec.2018)
<b>Secretariat Services</b>					
Secretariat	1	0	0	0	0
Policy & Planning Services	6	4	1	0	5
ICT & Media Services	4	2	0	0	2
HR & Training Services	3	3	0	0	3
Admin. & Finance Services:					
Administration	2	2	0	0	2
Accounts	2	2	0	0	2
Library	1	1	0	0	1
Pool (including PS/PAs)	8	4	2	2	4
<b>Technical Support Division</b>	<b>17</b>	<b>9</b>	<b>0</b>	<b>2</b>	<b>7</b>
<b>Legal Division</b>	<b>15</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>9</b>
<b>Dept. of Investigation</b>	<b>60</b>	<b>34</b>	<b>17</b>	<b>6</b>	<b>45</b>
<b>Dept. of Prevention &amp; Education</b>	<b>21</b>	<b>15</b>	<b>3</b>	<b>4</b>	<b>14</b>
<b>Dept. of Professional Support</b>	<b>10</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>12</b>
<b>Total</b>	<b>150</b>	<b>96</b>	<b>27</b>	<b>17</b>	<b>106</b>
<b>Total staff including (3 Commission, 10 Drivers, 1 GSP &amp; 3 ESP)</b>					<b>123</b>

*Note: Excluding Commissioner and driver appointment/resignation*

The year 2018 witnessed the highest number of recruitment as well as separation of staff in the history of the ACC. Therefore, although the recruitment was quite successful as compared to 2016 and 2017, the achievement against the planned recruitment is only 31.3% as compared to 39.3% in 2017.

24 (88.9%) of the 27 recruited were for the core functions of the ACC in the three departments of Investigation, Prevention & Education and Professional Support with the maximum number (17) placed in the Department of Investigation, which is the biggest of the three departments. Correspondingly, 12 (70.6%) of the 17 separated from the ACC were from these three departments, again with the maximum number (six) from the Department of Investigation.

As shown in **Table 1.2** below, in 2018, while 13 officers (Professional & Management) were recruited, 12 officers left the ACC. In contrast, 14 support staff (Supervisory & Support and Operational) were recruited while only five left. So, the net increase of 10 in the staff strength from 96 to 106 is mainly due to the net increase of nine at the Supervisory and Support category.

Further, of the 12 officers who left the ACC, seven were in senior positions in P2 and P3 with four officers having work experience in the ACC ranging from 5 – 11 years. On the other hand, the 13 officers recruited in 2018 did not have relevant professional experience required in the ACC.

**Table 1.2:** Recruitment by Position Category

Position Category	Position Level	Internal recruitment	Recruitment (+)			Separation (-)			Net Increase
			Lateral transfer	New	Total	Resignation	Transfer	Total	
Professional & Management (PMC) – Chief (M)	P1	1	0	0	0	0	0	0	0
PMC – Officers	P3 - P2	0	4	0	4	7	0	7	-3
	P5 - P4	1	6	3	9	3	2	5	4
Supervisory & Support (SSC)	S5 - SS4	0	6	7	13	3	1	4	9
Operational (OC)	O4 - O1	0	1	0	1	1	0	1	0
TOTAL		2	17	10	27	14	3	17	10
			27			17			

While vacancy announcements attract good number of applicants, recruiting in-service candidates with diverse professional background continues to be a challenge for the ACC. An average ratio of applicant per vacancy was 10:1 and about 91.5% of the in-service applicants were from the teaching profession. Consequently, 47.1% of the in-service staff recruited in 2018 were from the teaching profession.

Considering the 22 post vacancies which could not be filled in 2018 to be carried over and the planned annual recruitment of additional 12 staff in 2019, the total recruitment is 34 in 2019 to meet the projected staff strength of 140 by December 2019. However, recognizing the challenges in attracting professionals with diverse professional experience, the ACC will take a cautious/strategic approach to ensure quality and work experience diversity of its recruits.

The human resources challenges confronting the ACC have been repeatedly flagged in the annual reports and correspondingly, the ACC has received constant support from the Parliament, Government and Royal Civil Service Commission (RCSC). Sustained support from the stakeholders is critical for the ACC to have robust, motivated and efficient professionals in its fight against corruption in the country.

### ***Enhance Complaints and Investigation Management System***

Starting January 2017, all complaints received and cases investigated are being managed in the Complaints and Investigation Management System (CIMS) – a web-based software system. The 54 backlog complaints (2006 – 2016) qualified for investigation reported in the Annual Report 2017 are also being managed through the CIMS.



While the CIMS is being used on day-to-day basis, some system tweaking and enhancements are also being done simultaneously. Additional modules will also be added to cover other functions of the ACC. The system has greatly enhanced record keeping, tracking and generating information on complaints and cases. The draft CIMS User Manual will be finalized in 2019.

### ***Professionalize Internal Operations of the ACC***

Professionalizing internal operations through updating policies and procedures related to the ACC's functions is one of the priorities of the Commission. Compliance audit on the 14 policies and procedures related to management of complaints and investigations developed/updated in 2016 has been planned in 2019. The compliance audit will also provide opportunities to identify procedures which could not be followed for valid reasons and accordingly adopt practical and relevant procedures.

Further, during the reporting period, the ACC developed commentary on Chapters IV (Corruption offences and penalties thereof) and VI (Investigation, Search, Seizure and Arrest) of ACAB 2011 for in-house reference to guide and ensure consistency in interpreting ACAB provisions. It was developed in line with the existing judicial rulings by the Courts, Legislative Guide to the Implementation of UNCAC and Organization for Economic Cooperation and Development's publication titled '*Corruption: A Glossary of International Standards in Criminal Law*'. Similarly, commentary on the other Chapters of ACAB 2011 and existing rules and regulations will be developed on need basis.

### ***Enhancing Coordination and Networking with Key Partners***

***With data repository agencies:*** Recognizing that timely access to accurate and updated information is critical for investigation, the ACC initiated discussions with the key stakeholders who are the custodians of government/public databases. Subsequently, with the cooperation and support of the Ministry of Finance (MoF), Ministry of Economic Affairs (MoEA), Ministry of Home & Cultural Affairs (MoHCA), Ministry of Information & Communication (MoIC), Royal Monetary Authority (RMA), Bhutan InfoComm and Media Authority (BICMA), Royal Bhutan Police (RBP) and National Land Commission Secretariat (NLCS), the ACC has put in place internal protocols and identified focal persons for the purpose.

***With OAG and RBP:*** Following the signing of the revised tripartite Memorandum of Understanding (MoU), the ACC, OAG and RBP submitted the revised MoU to the Judiciary in February 2018 for information. The revised tripartite MoU incorporated the investigation and prosecution of corruption offences in the private sector, wherein, the RBP, as an interim measure, will take up investigation of corruption (embezzlement) cases in the private sector involving pecuniary value of Nu. 10.00 million and below with technical assistance from the ACC.

***With Central Bureau of Investigation, India:*** Since 2015, the Commission has been pursuing to revitalize and institutionalize the collaboration between the ACC and Central Bureau of Investigation (CBI) of India. A breakthrough was possible in the reporting period when a two-member delegation from the CBI India led by the Director, Shri Alok K Verma, visited Bhutan from 16 - 20 April 2018 upon the invitation of the ACC.

The visit was aimed at revitalizing the professional relations and building a platform for sustainable cooperation between the two agencies. The visit besides providing opportunity to share and learn from experiences, expertise on specialized tools and best practices in fighting corruption provided the forum to discuss and agree on signing an MoU between the two agencies. The CBI Director called on the Hon'ble Prime Minister of Bhutan and the stakeholders. It is the second delegation from the CBI to Bhutan. The first visit was in May 2012 led by the then Director.

A reciprocal visit was made by a six-member delegation from the ACC, led by the Chairperson from 23 - 27 July 2018 on the invitation of the CBI Director. The delegation interacted further on strengthening the collaboration and cooperation between the two agencies and also visited specialized units and facilities of the CBI including its Academy at Ghaziabad, Central Forensic Science Laboratory and also other agencies such as Central Vigilance Commission and Bureau of Police Research & Development.

The visit reconfirmed the CBI's support to the ACC to build its capacities by agreeing to conduct customized trainings as well as offered slots in their regular calendared courses at the CBI Academy.

The proposed MoU to institutionalize the cooperation between the two agencies in capacity development, information sharing and mutual legal assistance has been submitted to the Government of India. However, further delay is expected due to change of leadership in the CBI.

### ***1.1.2. Long-term priorities***

#### ***Branding the ACC as an 'Employer of Choice'***

As part of branding the ACC as an 'Employer of Choice' some of the initiatives undertaken in the reporting year were:

- Enhanced the proposal on the '*Institutional Motivation and Social Security Fund for the ACC Cadre*' (the Fund). The Fund, as presented in the Annual Report 2017, is designed to motivate and secure long-term commitment of professionals in the ACC by addressing their key social and economic security needs. The proposal is currently with the Office of the Gyalpoi Zimpon.

- Implementing the Staff Welfare Scheme (SWS), revised in December 2017. The SWS, instituted with the monthly contributions from the salary and other contributions of its members, provides financial assistance to the staff during misfortunate events like demise of members/dependents, permanent disability and/or referral of members for medical treatment abroad. The scheme extends beyond what is covered by the Civil Service Welfare Scheme. These are small but conspicuous efforts made to help each other during times of need.
- Completed the construction of child care facility (Day Care Center) within the ACC office premise which started in March 2018. The construction, a priority to support and provide conducive environment for the ACC working parents, was undertaken by the National Housing Development Corporation Ltd. at the cost of Nu. 1.95 million. The facility will be operational from January 2019 and is expected to benefit more than 28 working parents. While the Centre was constructed with financial support of the Royal Government of Bhutan (RGoB), expenses related to management of the Centre will be financed by the employees availing the facility.
- *Sa-Lhang Tendrel* for the construction of office building at Phuentsholing was conducted on 31 January 2018. The office in Phuentsholing is expected to facilitate the ACC in enhancing its institutional capacity as well as minimize recurrent administrative cost.

The construction is being funded by the RGoB at the cost of Nu. 43.35 million and is expected to be completed by September 2019. A Project Steering Committee has been constituted to provide strategic and operational guidance, monitor progress and resolve issues in time.

### ***Financial Security***

The Government approved capital budget of Nu. 210.00 million for the ACC to implement its plans and programs in the 12<sup>th</sup> FYP as opposed to the initial indicative capital outlay of Nu. 75.00 million only as reported in the Annual Report 2017. Of the total allocated capital budget, the ACC received Nu. 46.26 million in the first year of the 12<sup>th</sup> FYP along with current budget of Nu. 87.03 million, totaling to Nu. 133.29 million.

To supplement the RGoB contributions, the ACC has been exploring support of development partners. The ACC submitted proposals to the United Nations Development Programme (UNDP), United Nations Office on Drugs and Crime's (UNODC) Regional Office for South Asia and Siemens (global integrity initiative). However, continued support under the UNDP's global project titled '*Anti-Corruption for Peaceful and Inclusive Societies (ACPIS)*' only was confirmed. The ACC will continue to explore support of other development partners like Austrian Development Agency (ADA) and UNODC in the year 2019.

Further, due to the delay in the adoption of the 12<sup>th</sup> FYP, the ACC is yet to initiate discussions with the RCSC to secure fund for the Human Resource Development (HRD) programs for the 12<sup>th</sup> FYP. The approved capital outlay of Nu. 210.00 million is exclusive of HRD budget as agencies are expected to discuss it separately with the RCSC. Budget for HRD is critical to build competency of the staff as the nature of the ACC's function requires specialized technical skills and also to keep abreast with the changing dynamics of corruption issues. With shrinking support from development partners, the ACC is left with huge budget gap in sustaining its HRD programs. If HRD funding is not forthcoming from the RCSC, support from the Gross National Happiness Commission (GNHC) and MoF will be critical.

### ***Reduce Backlog of Complaints***

Efforts have been made to reduce and manage the backlog complaints qualified for investigation that accumulated from 2006 till 2016. The number of backlog complaints has been further reduced from 54 in 2017 to 49 in 2018.

The update on the backlog complaints is presented in Section 2 of this report.

### ***Professionalize and Enhance Management of Complaints and Investigations***

Restructuring of the ACC along its functional lines, operationalizing the CIMS and implementing the policies/guidelines have greatly enhanced the management of complaints and investigations. Efforts are on to further enhance the functionality of the CIMS as well as streamline policies and procedures related to the management of complaints and investigations. Moreover, as reported under Section 1.1.1 compliance audit has also been planned in 2019.

### ***Enhance Prevention and Education Programs***

The ACC conducted various educational and preventive programs to sensitize and build capacities of citizens and institutions on integrity and anti-corruption principles and values. The ACC reviewed the CRM tool which has been adopted and administered since 2010. Revamped and improved CRM tool facilitates in-depth analysis of risks with enhanced monitoring and evaluation of the recommendations. Further, the ACC initiated conducting thematic sessions for target specific audiences in addition to the regular general advocacy and awareness programs, to reduce corruption risks and vulnerabilities. Emphasis was also made to complete the second round of Gewog advocacy and awareness programs by covering 62 Gewogs in seven Dzongkhags.

The details of the initiatives during the reporting year are presented in Section 2 of this report.

## 1.2. Strategic Focus for the Year 2019

The strategic focus of the Commission for the next one year will include the following, in addition to the on-going initiatives:

***National Integrity and Anti-Corruption Strategy:*** To enhance the momentum of anti-corruption campaign in the public and private sectors, National Integrity and Anti-Corruption Strategy (NIACS) 2014 - 2018 was revised. As reported in the last annual report, the strategic objectives of NIACS has been aligned to the 12<sup>th</sup> FYP result areas and performance indicators. Hence, in 2019, the revised NIACS for 2019 - 2023 will be launched after consultation with the stakeholders and endorsement by the Government. In order to facilitate wider stakeholder consultation, a foresight workshop will be organized. The same will be disseminated to ensure common understanding and promote strong alliance, leading to active coordination and cooperation in implementing NIACS in the 12<sup>th</sup> FYP.

***Enhance Communication and Engagement with Media:*** Recognizing the important role of media in fighting corruption, the ACC has made conscious efforts to operationalize the media unit in the ACC and enhance the ACC – Media collaboration. With the confirmation by the RCSC on the appointment of Information and Media Officer in January 2019, the draft Media and Communication Strategy will be finalized and adopted. Enhancing engagement with media is expected to foster greater public trust and confidence in the ACC.

***Strengthen Asset Declaration management:*** The Asset Declaration (AD) system, instituted as early as 2006 is a powerful accountability tool to detect and prevent illicit enrichment, promote public trust through accountability and facilitate management of Conflicts of Interest (CoI). While the compliance to the AD Rules is generally improving, its potential in achieving its objectives has not been fully realized due to various short comings including manpower and capacities. Therefore, the current unit under the Department of Prevention and Education (DoPE) will be upgraded to a division to enhance AD administration and management. The proposal has been submitted to the RCSC for endorsement as required by Section 29 of the Civil Service Act of Bhutan 2010.

***Develop integrity vetting system to promote integrity-based leadership:*** Building a strong culture of integrity in the governance system greatly depends on the ethical competence of leaders/managers. A conducive environment must be created for promoting values of integrity, transparency and accountability. Therefore, it is important to devise a system that promotes individuals with highest standards of integrity. The ACC has initiated a concept paper to institute integrity vetting system, which once finalized and adopted, will complement the existing initiatives of promoting ethics and integrity management.



# INSTITUTION BUILDING

*To remain Relevant &  
Reinvigorated*



**Conduct research on ‘Corruption in Policy making’:** In the reporting year, a concept paper for research on ‘Corruption in Policy Making’ has been developed to detect and prevent any potential corruption risks in policy formulations. The research is planned to be conducted in the upcoming FY. This is also in line with the recommendation of the 17<sup>th</sup> Session of the National Council.

**Strengthen physical security of the ACC:** Given the nature of the ACC’s job which is risky and sensitive, security concerns need to be addressed for safety and safeguarding of case evidence/information, ACC properties/equipment as well as staff working in it. Therefore, it has become imperative to establish robust security system in the ACC office to prevent any intrusions or break-ins. The ACC plans to install security measures such as biometric access/entry system, security alarms and surveillance cameras. A generator, critical for backup power supply to keep the security equipment running, uninterrupted interrogations, forensic services and data servers will also be installed.

### 1.3. Institutional and human resource capacity

#### 1.3.1. Annual Performance Targets towards enhancing performance accountability in the ACC

**Annual review of the Annual Performance Target 2017 - 2018:** The ACC conducted comprehensive in-house annual review of its Annual Performance Target (APT) for the FY 2017 - 2018 in July 2018. Unlike other agencies, assessment of APTs of the Constitutional Offices by external agencies is optional.

The in-house ACC performance assessment was undertaken objectively and rigorously at various levels namely, departmental/divisional, management and finally the Commission. The ACC scored 87 out of 100 for its 2017 – 2018 FY performance which falls under “Very Good” category of the Government Performance Management System (GPMS). The assessment provided opportunity for the management to draw lessons for future improvement.

Further, the ACC conducted in-house exercise to align its organizational performance to individual performance in line with the principles and objective of the MaX system introduced by the RCSC. While it is optional for the Constitutional Offices to undertake moderation exercise, the departmental performance was used as a basis in evaluating its individual staff performance (IWP) to strengthen the performance and accountability culture in the ACC.

**Brief on the APT 2018 - 2019:** The APT for FY 2018 - 2019 was prepared in keeping with the overall plan of the ACC for the 12<sup>th</sup> FYP, and adopted the following:

- i. Promote the ACC as ‘Employer of Choice’ and a ‘Learning Organization’;
- ii. Enhance social security of staff and working environment;
- iii. Professionalize Prevention, Education and Investigation services;
- iv. Strengthen professional support services;

- v. Institutionalize integrity systems to lead by example;
- vi. Deter acts of corruption through effective investigation;
- vii. Enhance ethical competency of leaders;
- viii. Promote integrity systems in public and private sectors;
- ix. Enhance strategic partnership with national and international stakeholders; and
- x. Implement target specific awareness and behavior change programs.

The first five actions are towards achieving the organizational objective “*to enhance efficiency, effectiveness and credibility of the ACC towards achieving excellence in preventing and combating corruption*” for which the total weight assigned is 40 out of 100. And the latter five actions are “*to deter acts of corruption through effective investigation and enhance mainstreaming of integrity and anti-corruption measures through prevention and education*” with a total weight of 60.

A mid-term review to monitor and assess progress of the planned activities for the FY 2018 – 2019 will be conducted in early January 2019.

### **1.3.2. Human Capital Development**

In the reporting year, various short-term capacity development programs were availed, both in and ex-country. A total of 51 staff availed ex-country trainings with the support of regional counterparts, development partners and the RGoB including 17 staff who availed the mandatory training at the Malaysian Anti-Corruption Academy. The total investment in Human Capital Development in 2018 was Nu. 8.54 million, which is lesser than that of 2017 (Nu. 14.40 million).

In addition, 62 staff attended 22 different in-country forums such as workshops, seminars, conferences and trainings conducted by the national stakeholders.

As mentioned under Section 1.1, human resources and building its capacity is a serious challenge for the ACC which is further accentuated by lack of HRD budget.

The RGoB has supported the regular mandatory training for the new recruits (Nu. 8.00 million for the FY 2018 - 2019 against Nu. 14.94 million proposed). However, the ACC does not have budget to meet the specialized and long-term HRD requirements. In fact, the ACC has not been able to send any of its staff for long-term studies in the last three plus years as reported in the Annual Report 2017. Increasingly, more and more staff are either resigning or availing study leave/Extra Ordinary Leave (EOL) to pursue long-term studies at their own expense, thereby aggravating the situation.

Therefore, securing adequate financial resources to fund HRD programs has become a critical development and retention strategy. The RCSC and ACC are yet to discuss HRD funding for the 12<sup>th</sup> FYP for which the ACC has already submitted a detailed HRD plan for the 12<sup>th</sup> FYP in June 2017, as per the guidelines for preparation of the 12<sup>th</sup> FYP.



### ***1.3.3. Embedding integrity in the ACC***

The ACC as an agency that advocates the principles of integrity and anti-corruption, it is important to institutionalize integrity and anti-corruption measures in the ACC first, before advocating and mandating other agencies to follow. The ACC has been making conscious efforts to embed the principles in the staff so as to ‘*Lead by Example*’ and most importantly, to have moral authority to tell others.

#### ***Organizational Integrity Plan***

In order to promote individual behaviors that is consistent with the values and principles of the organization, the ACC ensures institutionalization of integrity measures in the form of Organizational Integrity Plan (OIP). OIP is an activity based strategic plan to guide the leaders and organizations with time bound activities on ethics and integrity management. In the 12<sup>th</sup> FYP, the OIP for the ACC covers interventions to enhance and strengthen integrity culture in the functions of all Departments/Divisions/Services. In total, there are 16 activities to be implemented over the next five years. The first review of the OIP implementation in the ACC will be conducted in January 2019. Following are some of the initiatives that were implemented under the aegis of the OIP:

***Building the character of the ACC through Ethical Code of Conduct:*** Credibility of the ACC depends on its exemplary conduct with the highest ethical and professional standards. The staff of the ACC must act and be seen to act with a deep sense of justice, fairness and integrity. To this, the staff of the ACC are guided by the Ethical Code of Conduct that was adopted since 2008. As in the past, besides sensitizing the new recruits on the Code to make them understand the principles and accordingly subscribe to the Code, the staff are constantly reminded during the staff meetings which were held quarterly. Further, the principles and values of the ACC, including its vision and mission, have been displayed in the office premise as reminders and to ensure strict compliance to the Code.

Like any other agencies, the ACC faces corruption risks and is equally vulnerable to corruption. Therefore, besides the rigorous promotion of Ethical Code of Conduct, the ACC upholds the policy of ‘*zero tolerance*’ to any breach of the Code and ensures timely monitoring and enforcement of the Code. Unfortunately, the ACC undertook an investigation on one of the ACC officers on suspected false claims. The investigation resulted in the prosecution of the officer who was charged on “two counts of false claims” under Section 62 of ACAB 2011. Thimphu District Court convicted the accused for petty misdemeanor and was sentenced to two months imprisonment and restitution with 24% penalty. Further, as the officer had breached the Code of Conduct of both ACAB 2011 and the Bhutan Civil Service Rules and Regulations (BCSR) 2018, the ACC took a major administrative action in compulsorily retiring the officer in accordance with Section 19.3.2 of the BCSR 2018. In order to minimize corruption risks and avoid recurrence of such problems, internal control systems have been further strengthened.

***Corruption Risk Management to minimize corruption vulnerabilities in the ACC:***

After the third CRM conducted on 12 September 2017, a total of 21 corruption schemes/risks under seven broad offences/risks were identified, assessed and prioritized. Accordingly, 25 recommendations were formulated against the risks identified. Towards the end of the reporting year, the ACC initiated the review of its implementation status.

***Management and administration of gifts received:*** As reported in the Annual Report 2017, the Gift Rules 2017 is being strictly implemented in the ACC. A total of 91 gifts were declared by 38 staff in 2018. Most of the gifts declared were souvenirs and plaques received from foreign governmental agencies during institutional visits/trainings/meetings and visiting delegations, while few were from public officials and private individuals received during khadar sessions on one's promotions and appointments. The actions taken on the declared gifts are as presented in **Table 1.3** below.

**Table 1.3:** Status on gifts declared and actions taken

Total no. of gifts declared	Action taken on gifts declared			Source of gift		
	Retained by the recipient	Returned to the giver	Disposed of/ used for official purpose	Foreign Govt.	Public agency/ Official	Prohibited Source
91 gifts declared by 38 employees	82 gifts	2 gifts	7 gifts were deposited in office for official use (received as institutional gift and those exceeding the nominal value).	76 gifts	13 gifts	2 gifts

***Enhancing Grievance Redressal Mechanism:*** The ACC adopted Grievance Redressal Mechanism (GRM) in February 2014 to promote fair, equitable and conducive working environment. While the channel existed since then to provide a platform to report and resolve grievances concerning staff, not a single grievance was reported using the channel.

However, the fifth IDT conducted in the ACC in September 2017 indicated otherwise as substantiated by the low score on the statement “*Employees and stakeholders of the organization have access to and use grievance redress channels to resolve their problems and complaints*” indicating the need to enhance the system and create greater awareness.

During the reporting year, the use of GRM in the ACC was reviewed. Based on the findings of the review and recommendations of the staff, the GRM was revised

to bring greater clarity and to ensure timely, transparent, consistent and effective response to the grievance lodged. While the revised GRM guideline has been adopted in principle, the ACC expects to disseminate and pilot the revised guideline in-house in 2019.

***Enhancing internal communication:*** The ACC has constantly emphasized on enhancing internal communication, while ensuring strategic network with external stakeholders. Given the multifaceted mandate of the ACC and also in view of the increasing number of staff, the ACC institutionalized numerous communication platforms at various levels namely, Commission meeting (weekly), work plan & management meeting (weekly) and staff meeting (quarterly) to promote team spirit to achieve common goals through timely communication and consultations. In addition, there are other committees, which meet as and when required.

The need to enhance internal communication being one of the recommendations of the fifth IDT, the ACC in the reporting year, instituted regular Directors' Forum and Experience Sharing session to further strengthen communication among/within the departments/divisions/services. Such forums are expected to augment the existing forums and also nurture a culture of learning through sharing of experiences.

***Financial auditing of the ACC:*** The Royal Audit Authority (RAA) conducted financial auditing of the accounts and operation of the ACC's Letter of Credit (LC) account for the FY 2016 - 2017. With the issuance of a clean audit report, it confirmed that the financial operations of the ACC's LC account were in compliance with the existing financial rules and regulations.

Further, the RAA and ACC discussed the auditability of the Escrow Account managed by the ACC.

The Escrow Account manages money that are brought under the possession of the ACC in the course of investigation which includes suspected corruption proceeds seized in cash; bond amount deposited to secure release of the detainees; and proceeds from the sale of seized properties. It is a temporary arrangement where the monies parked in the Escrow Account are either owned by the accused pending the final decision of the Court or the bond amount deposited to ensure appearance of the accused before the ACC, for successful completion of the investigation. These monies do not belong to the State. These monies may become payable either to the State as restitution or to the accused upon his/her acquittal or to the bail bondman (bailer) upon fulfilling the conditions under the bail agreement.

The details on the frozen/seized properties are reflected in the investigation report referred to the OAG for prosecution. Necessary Court Orders are also sought from the jurisdictional Court in disposing the seized/frozen properties through auction which are perishable in nature or which cannot be maintained without difficulties. Further, the OAG is also involved during the auctioning of these properties. Similarly, where a detainee is released on bail and bond, a copy of the bail agreement is submitted





STRENGTHENING

# Internal Communication

for enhanced trust  
and confidence

to the jurisdictional Court and the information is also reflected in the investigation report referred to the OAG. Depending on the verdict rendered, these monies/seized properties are either deposited to the government revenue account or handed over to the owner concerned.

In addition, the involvement of different agencies with clear segregation of investigative, prosecutorial and adjudicatory mandate at various stages in the chain of management of seized properties (which includes Escrow money) ensures effective check and balance. Further, opening the account for external review would not be appropriate as it is a matter of *sub-judice* and information related to the account are classified.

Based on the above rationale, the Escrow Account was not opened for auditing and the same was explained to the RAA.

#### ***1.3.4. Implementation and review of donor support***

In the FY 2017 - 2018, the UNDP under its global project ACPIS supported the ACC with a total fund of Nu. 11.93 million (equivalent to USD 0.200 million) and the ACC successfully implemented the project. The one-year project facilitated to strengthen institutional capacity, establish motivation scheme for its staff, and institutionalize anti-corruption and integrity measures by implementing BIIB and Youth Integrity Club in the schools.

In November 2018, two-member advisory team from the UNDP Global Centre for Public Service Excellence in Singapore reviewed and evaluated the project deliverables. As part of the monitoring & evaluation of the project, the advisory team along with an official from the UNDP Country Office interacted with the stakeholders responsible for implementing the project and its beneficiaries. The team visited the Integrity Club of Yadi Central School in Mongar and also met the Task Force members of the BIIB to validate the results reported by the ACC including challenges and lessons learnt.

The review confirmed that the project was successfully implemented, particularly the ACC's initiative on Integrity Club and the BIIB, in just one year. The details of the initiatives related to Integrity Club and BIIB are covered in Section 2 of this report. While in Bhutan, the advisory team also conducted a two-day workshop on '*anti-corruption in the context of 2030 agenda for sustainable development*' for 26 officials from various law enforcement agencies.

In early 2019, the ACC will initiate discussions with the UNDP Country Office in Thimphu and the UNDP Global Centre for Public Service Excellence in Singapore to confirm further support for the year 2019 as requested during the review visit.





*Promoting  
Comradeship*

### **1.3.5. Celebrating the 13<sup>th</sup> ACC Foundation Day**

Every year, 31 December is marked and celebrated as the ACC Foundation Day. It is an occasion for the ACC staff to reflect and reinvigorate the sacred responsibility in building a strong culture of integrity. Further, as the number of staff increases, it is equally important for the organization to reinforce its values and principles with social programs, besides formal events to help team gelling and enhance team spirit. To this, the Foundation Day 2018 was celebrated at Paro to enhance greater spirit of comradeship amongst the ACC members. It also provided the opportunity for the ACC family to revitalize the zeal to prevent and combat corruption.

### **1.3.6. Civil Service Award 2018**

During the reporting period, seven officials received the Civil Service Award (three bronze, three silver and one gold) for their dedicated service to the Tsa-Wa-Sum. A total of 42 staff from the ACC have received the award in various categories since the institution of the award in 2013.

## **1.4. Working in Partnership**

### **1.4.1. National Networking**

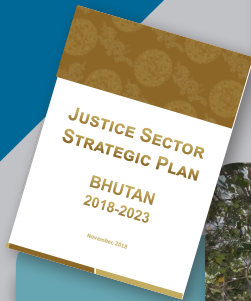
**Construction Development Board:** The ACC signed the revised MoU with the Construction Development Board (CDB) on 26 March 2018 to further enhance cooperation between the two agencies to prevent and combat corruption. The revised MoU provides framework to share information to facilitate investigations through use of online systems and promote integrity and anti-corruption measures to prevent corruption in the construction industry.

**Institute of Science of Mind, Zhung Dratshang:** The ACC signed an MoU with the Institute of Science of Mind (ISM), Zhung Dratshang on 13 December 2018. The MoU was signed to institutionalize the collaboration between the two agencies to conduct joint education and awareness programs by setting a clear framework of cooperation and assistance. Such joint programs are being conducted to inform the citizens on the two aspects of mind to bring positive behavioral change relating it with ethical behavior. The President of the ISM conducted a session on the topic for the ACC staff on 26 October 2018.

**Justice Sector:** Towards ensuring organized, integrated and well-coordinated plans and programs between the justice institutions in promoting good governance and rule of law, the justice institutions involving the Royal Court of Justice, ACC, OAG, RBP and Bhutan National Legal Institute developed '*Justice Sector Strategic Plan 2018 - 2023*'. The OAG led the development of the strategic plan with the support of the UNDP and ADA. The Plan was launched on 16 November 2018 by Her Royal Highness Ashi Sonam Dechan Wangchuck.



# National Networking for strong coalition against corruption





The primary objective of the strategic plan is to build a justice sector that is more accessible, inclusive, accountable and responsive. In order to realize this reform and development initiatives, the justice institutions will develop a program document in early 2019.

#### **1.4.2. Regional/International Networking**

##### ***Delegation to Bhutan:***

- ***Commission to Investigate Allegations of Bribery or Corruption of Sri Lanka:*** From 25 February to 4 March 2018, the ACC hosted a delegation from the Democratic Socialist Republic of Sri Lanka upon the request of the Commission to Investigate Allegations of Bribery or Corruption (CIABOC). The delegation was led by the Attorney General and consisted of the Secretary to the President, Solicitor General, Secretaries of two Ministries, and a Commissioner and an official from CIABOC. The delegation visited Bhutan to learn from Bhutan's experience in the fight against corruption and also to promote institutional linkage between the two agencies. As part of the visit, the delegates called on the Hon'ble Prime Minister, the Speaker, the Chief Justice of Bhutan and the Attorney General. Though the invitation for a reciprocal visit to CIABOC could not be accepted, the two agencies hope to further discuss areas of cooperation including capacity development programs and sharing experiences & best practices to further the collective fight against corruption.
- ***Corrupt Practices Investigation Bureau of Singapore:*** Upon the invitation of the ACC, a five-member delegation from the Corrupt Practices Investigation Bureau (CPIB), led by the Director, visited Bhutan from 21 - 23 May 2018. The visit was arranged to revitalize linkage between the two agencies and also expose the ACC officials to the best practices and experiences of the CPIB specifically on intelligence gathering, forensics examinations and investigation management. While the ACC officials visited the CPIB on several occasions, the visit from the CPIB to the ACC was the first of its kind. The visit reconfirmed the CPIB's support to build capacities of the ACC officials and sustenance of the institutional linkage.
- ***Office of the Legal Attaché of the Federal Bureau of Investigation:*** The ACC facilitated the request for a visit for the officials of the Office of the Legal Attaché of the Federal Bureau of Investigation (FBI), US Embassy in New Delhi from 19 - 22 November 2018. The objective of the visit was to familiarize and meet officials from the RBP, OAG, RMA and ACC. During the visit, the diplomats reiterated the FBI's support to the ACC and law enforcement agencies of Bhutan. Since 2012, the FBI assisted in building specialized investigative capacities by conducting trainings in Bhutan for a larger group of participants from the law enforcement agencies and also offered two slots to the ACC to participate in its trainings at the prestigious law enforcement academy at Quantico, USA in 2012 and 2014.

## REGIONAL & INTERNATIONAL NETWORKING

*to promote sharing of  
skills/knowledge and  
best practices*





### ***Delegation from Bhutan:***

- ***Office of Public Sector Anti-Corruption Commission of Thailand:*** Upon the request of the Office of Public Sector Anti-Corruption Commission (PACC) of Thailand, the ACC, as a panelist, shared its experiences and best practices on anti-corruption, during the International Conference on “*Integrity and Anti-Corruption to promote good governance and raise the Corruption Perceptions Index (CPI) and to publicize the Anti-Corruption Operation Complaint Center for Foreign Investor*” conducted on 19 March 2018 in Thailand.
- ***Anti-Corruption & Civil Rights Commission of South Korea and the Office of the Ombudsman of Philippines:*** A five-member delegation from the ACC visited the Anti-Corruption & Civil Rights Commission (ACRC) of South Korea and the Office of the Ombudsman of Philippines from 24 April to 4 May 2018. The visit, as a follow-up to the resolutions of the 10<sup>th</sup> and 11<sup>th</sup> Sessions of the Second Parliament, focused on learning best practices and experiences of these two institutions in terms of complaint handling, evaluation, assessment, adjudication and follow up. The visit widened the understanding on the processes and systems for handling complaints of both administrative and corruption matters.
- ***UNDP Global Centre for Public Service Excellence, Singapore:*** Upon the invitation of the UNDP Global Centre for Public Service Excellence, Singapore, the ACC participated in the workshop, as observer, which was organized for the delegation from Uzbekistan at Singapore from 26 - 28 November 2018. The workshop brought together practitioners from regional anti-corruption agencies to share expertise and best practices. The workshop included series of technical experience sharing by the ACRC of South Korea, Corruption Eradication Commission of Indonesia, CPIB of Singapore, Independent Commission Against Corruption of Hong Kong and Malaysian Anti-Corruption Commission. The ACC also had the opportunity to present a brief update on the ACC and its initiatives in Bhutan.

## **1.5. United Nations Convention against Corruption**

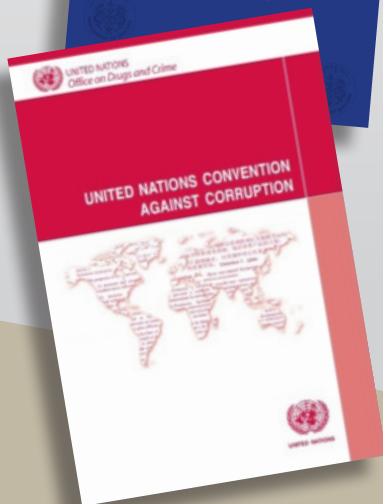
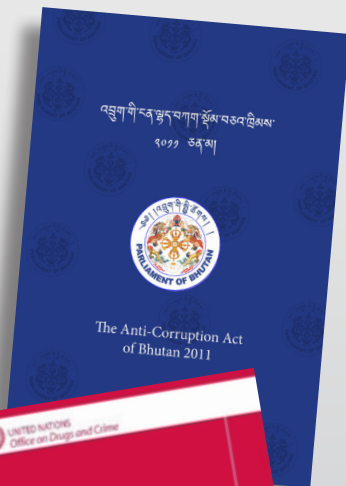
### ***1.5.1. Bhutan as State under review***

As reported in the Annual Report 2017, Bhutan is under the first cycle of the Review Mechanism wherein Bhutan’s compliance on *Chapter III: Criminalization and Law Enforcement* and *Chapter IV: International Cooperation* of UNCAC was assessed.

The review process involved three phases. In the first phase, Bhutan was required to conduct self-assessment and submit the self-assessment checklist to the UNODC. The activities under the first phase were reported in the Annual Report 2017.

# UNCAC

Promoting and strengthening measures to prevent and combat corruption more efficiently and effectively



In the second phase, a peer review on the self-assessment checklist was conducted by the two reviewing countries (Tajikistan and Cook Islands), which included providing clarifications on the checklist submitted. Bhutan hosted the country visit for the four-member delegation from the two reviewing countries and UNODC from 5 – 7 March 2018. Total of 32 representatives from Bhutan consisting members of the National Steering Committee, Technical Working Committee and relevant stakeholders participated in the round table meeting. Before hosting the visit, a week long preparatory discussion was held from 26 February to 2 March 2018 involving the national stakeholders.

The third phase involved preparation of the review report by the reviewers with assistance from the UNODC. The draft review report was shared with Bhutan before its finalization. The draft report, among others, recommended the following gaps in Bhutanese legislation vis-à-vis UNCAC:

- Include obstruction of justice as an underlying offence for purposes of the offence of concealment of corruption proceeds;
- Adopt measures prohibiting bribery of witnesses;
- Specify procedure for application of the immunity provision in Section 135 of ACAB;
- Remove the provision in Section 216 of the Financial Service Act, to ensure disclosure of bank, financial and commercial records where required by law or Court Order, regardless of the protection of the interests of the client;
- Ensure that Convention offences are included as extraditable in future extradition treaties and not be considered as political offences;
- Ensure that an expedited extradition procedure and simplified evidentiary requirements be applied to extradition requests received from other State Parties;
- Specifically include guarantees of fair treatment in the Extradition Act;
- Specifically include grounds for refusal of extradition in the Extradition Act;
- Consider specifically stipulating a requirement to consult with the requesting State Party before refusing extradition in the Extradition Act and ensure that such consultations are conducted in practice;
- Ensure that Mutual Legal Assistance (MLA) can be provided in relation to the widest range of offences for which a legal person may be held liable, besides the offence of bribery;
- Adopt more detailed provision on facilitating the voluntary appearance of persons in the requesting State Party;
- Review and amend (as necessary) legislation on the recovery of assets; and
- Incorporate the requirements under Article 46 of the Convention in its domestic legislation for the purpose of MLA.

### 1.5.2. *Bhutan as reviewing State*

As a State Party to UNCAC, a maximum of three peer reviews should be conducted. Accordingly, Bhutan was selected to review three State Parties namely, Japan along with Libya; Thailand along with Iran; and Latvia along with Estonia.

***Review of Thailand's compliance:*** Bhutan and Iran, as reviewing States conducted peer review of Thailand's compliance on *Chapter II: Preventive Measures* and *Chapter V: Asset Recovery* of UNCAC. Assigned based on the capacities of the reviewing States, Bhutan led the review of Thailand's compliance on Chapter V and Iran on Chapter II. Upon receipt of self-assessment checklist in June 2018, the ACC along with the Governmental Experts reviewed and submitted consolidated observations on the checklist for Chapter V to UNODC in the following month. The review meeting was hosted by Thailand from 23 – 26 September 2018 for a nine-member delegation from Bhutan, Iran and UNODC.

***Review of Latvia's compliance:*** During the ninth Implementation Review Group meeting held in September 2018 at Vienna, Austria, Bhutan was again selected to review compliance of Latvia on *Chapter II: Preventive Measure* and *Chapter V: Asset Recovery* of UNCAC, along with Estonia. To this, as required by the review mechanism, 15 Governmental Experts were identified and communicated to the UNODC through the MoFA. A side line meeting was held between Bhutan, Latvia, Estonia and UNODC during the First Resumed Session of the Implementation Review Group to discuss administrative arrangement and labour distribution. It was decided that Bhutan will take the lead in reviewing Articles seven, eight, 11, and 14 under Chapter II and Articles 51, 52, 53, 56 and 58 under Chapter V. Bhutan is yet to receive Latvia's self-assessment checklist.



## SECTION 2: THE ACC'S PERFORMANCE

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This section presents the ACC's performance in delivering its core mandate – prevention, education and investigation for the reporting year. In addition, management of complaints and referrals, and Bhutan's international standing in the TI – CPI 2018 are covered.

### **2.1. Public Education - *Building an informed and awakened citizenry***

#### **2.1.1. *General advocacy and interactive sessions***

The ACC has been conducting series of advocacy programs and interactive sessions to build an informed and awakened citizenry and garner support in the fight against corruption. These programs are towards promoting a culture that embraces the principles of integrity, transparency, accountability, professionalism, justice and a sense of shared responsibility. Public education delivered through advocacy and behavioral change programs is a long-term and sustainable anti-corruption measures.

The ACC continued with general advocacy sessions to enhance integrity consciousness among the citizens in 2018. A total of 101 sessions covering 22,145 participants from schools, colleges, training institutes, government agencies, corporate/private sectors, civil society organizations and the general public were conducted as shown in **Table 2.1**. The role of each individual in creating a happy, harmonious and corruption free society was the recurring theme discussed in the public education programs so as to evoke a sense of collective responsibility in the fight against corruption.

Further, to adapt with the changing scenario of corruption and to create greater impact, the ACC is enhancing its approach and contents of the educational programs. In the 12<sup>th</sup> FYP, the ACC will conduct thematic sessions for target specific audiences (Human Resource Officers (HRO), Engineers, Finance and Procurement personnel) and vulnerable sectors (local government, hydropower, financial institutions) to build ethical competence and promote anti-corruption principles. To this, in the reporting year, the ACC conducted thematic sessions for the Druk Air Corporation Ltd. and State Trading Corporation of Bhutan Ltd., in collaboration with the ISM.



# AWARENESS & ADVOCACY

## Programs

to enhance integrity  
consciousness



**Table 2.1:** General advocacy and interactive sessions conducted in 2018.

No. of Sessions	Target Group	No. of Participants	Places/ Institutes Covered
<b>GENERAL ADVOCACY AND AWARENESS</b>			
62	General public and Local Government officials.	11,364	62 Gewogs in seven Dzongkhags (Gasa, Pema Gatshel, Samdrup Jongkhar, Trashigang, Trashiyangtse, Trongsa and Zhemgang)
<b>INTERACTIVE SESSIONS</b>			
10	University Graduates  Students and Staff in schools  Trainees and Instructors	9,057	Sherubtse College  Rangjung CS, Duntse CS, Thrimshing CS, Tshenkarla CS, Nangkor CS, and Minjiwoong CS, Radhi MSS, Yadhi CS, Samtse HSS, Sarpang CS, Chhukha CS, Lhuentse HSS, Phobjikha CS, Tsirangtoe CS, Zhemgang CS and Dharma camp (students of 16 schools from Thimphu and eastern Dzongkhags)  Royal Institute of Management (PGDPA, PGDNL, PGDFM and induction for technical graduates) and Technical Training Institute, Rangjung
27	Government Agencies  Corporate Sectors  Civil Society Organizations and development partners	1,574	Royal Education Council, CDB, Bhutan Council for School Examinations and Assessment (Test Developers), Biennial GAO Symposium (Wangduephodrang), OAG (Induction for Legal Officers), MoF (Public Finance Management training) and Department of Immigration (Induction for immigration inspectors)  Tangsibji Hydro Energy Ltd., Mangdechhu Hydro Power Authority and Security personnel of four power plants  Bhutan Taekwondo Federation, Construction Association of Bhutan and CSO Quarterly Meeting and Bhutan Transparency Initiative (ALAP participants)  UN staff (Ethics Leadership month)  RIGSS Leadership Program participants (BEST - 6, SELP - 9, YPLP - 6 & 7, FLP - 3)  De-Suung (29 <sup>th</sup> , 30 <sup>th</sup> and 31 <sup>st</sup> Batches)
<b>THEMATIC SESSIONS</b>			
2	Corporations	150	Druk Air Corporation Ltd. and State Trading Corporation of Bhutan Ltd.



# RIGSS



Enhancing ethical competence  
of the **Leaders**

While the advocacy programs covered a good number of Gewogs (62), only 45.0% of the total expected public turned up for the advocacy programs despite rigorous follow ups. Of the total 11,364 public who attended the Gewog advocacy and awareness sessions, about 43.9% were female participants which indicate a fair gender representation in the awareness programs. In total, since November 2016, 191 Gewogs in 18 Dzongkhags have been covered so far as part of the second round of Gewog advocacy and awareness program. The remaining 14 Gewogs of Haa and Thimphu will be covered in the FY 2019 - 2020.

### **2.1.2. Information, Education and Communication Materials**

In order to supplement the advocacy programs, its reach and creatively engaging citizens to act against corruption, development of Information, Education and Communication (IEC) materials were further enhanced. The ACC produced one visual advertisement on '*Social Accountability*' and four TV programs in the form of *Lozey*, *Tsangmo*, Rap & Debate and all were broadcast on the BBS TV. Besides this, the ACC also completed the translation of five radio jingles that was reported in the previous annual report. Social media forum such as Facebook and WeChat were also used in spreading anti-corruption messages to a larger audience.

### **2.1.3. Commemorating the 15<sup>th</sup> International Anti-Corruption Day**

The ACC joined the international community in commemorating the 15<sup>th</sup> International Anti-Corruption Day (IACD) on 9 December 2018. Internationally, IACD is an occasion to reinforce greater awareness on the importance of fighting corruption and call for collective efforts against corruption. Prior to the commemoration of the Day, as a build-up program, the ACC conducted Gewog advocacy and awareness programs in 12 Gewogs of Zhemgang and Trongsa Dzongkhags. Further, a nationwide engagement program on BBS TV was broadcast in collaboration with Rigtshe Gongphel. The actual Day was observed on the theme "United against Corruption for Development, Peace and Security" at various levels as follows:

- **National level:** In collaboration with Rigtshe Gongphel, four TV programs on corruption issues and anti-corruption measures in the form of *Lozey*, *Tsangmo*, Rap and Debate were broadcast live on the BBS TV. The live program was graced by the Hon'ble Home Minister and attended by the ACC Chairperson, Commissioners and the management, ACC.
- **Dzongkhag level:** The main event for the IACD was observed at Langthel Gewog in Trongsa Dzongkhag coinciding with the completion of Gewog advocacy and awareness programs in Trongsa and Zhemgang Dzongkhags. Graced by Dzongdag of Trongsa, the Day was commemorated by educating the public on the ACC's complaint management procedures and reminding them of their roles and responsibilities in upholding justice and acting against corruption. The day was attended by 322 participants. The participants





ཀྲུལ་སྤྱི་རན་ལྷན་བཀའ་གྲོ་ཉིན་མཁའ།

INTERNATIONAL ANTI-CORRUPTION DAY

9 December

UNITED  
AGAINST  
CORRUPTION



ཀྲུལ་ཁབ་གྱི་གོང་འཕེལ་དང་ ཞི་བདེ་ ཉེན་སྲུང་གི་དོན་ལུ།  
FOR DEVELOPMENT, PEACE AND SECURITY

expressed that the program was very informative and reiterated that such programs should be conducted periodically.

- **School level:** With the financial support from the UNDP's global project ACPIS, the Integrity Clubs in nine schools commemorated the IACD. Some of the highlights of the Day's program were reading out messages from the UN Secretary General and the ACC Chairperson, skit/drama on the ill effects of corruption and awarding of appreciation certificates to the club members. The students were able to articulate on impacts of corruption on the country's prosperity, security and sustainable development, if not prevented at the earliest, through poster and art competition. The program also heightened the visibility of the ACC and its mandate in the community. The school program covered about 1,585 audiences consisting of teachers, students, district officials, local government officials and businesses.

#### ***2.1.4. Behavioral Change Program – Enhancing the establishment of Integrity Clubs in Schools***

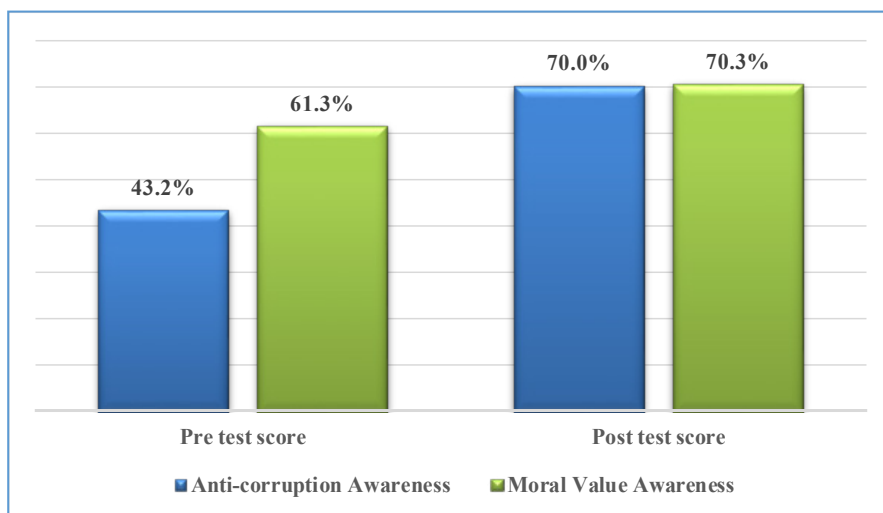
Towards bringing shift in the attitudes of students and youth to uphold ethical behavior and good character, the ACC in collaboration with the Ministry of Education (MoE) piloted the Integrity Clubs in six more schools namely Chukha CS, Lhuntse HSS, Phobjikha CS, Tshenkharla CS, Tsirangtoe CS and Zhemgang CS. The Club has been extended to these schools considering the positive outcome of the Club activities in all the four pilot schools in 2017. A total of 242 students (112 boys and 130 girls) have enrolled as Club members.

The Integrity Clubs through its varied activities promoted moral values of integrity, trust, respect, ownership, leadership, teamwork, gratitude, generosity and patriotism in the students and staff of the respective schools and beyond. As part of the Club activities, the Club members carried out awareness programs during the events such as the Parent-Teachers Meeting, Annual School Variety Show, Regional Sports Meet and Dzongkhag Scout Camp. The Club also extended the awareness programs to the nearby business communities and localities. Relevant guest speakers were invited to share their experiences on the importance of upholding values. The Clubs also staged skits and role plays, delivered value talks in the morning assemblies, coordinated various literary activities and published newsletters/brochures to make the students understand the fundamental moral values and their current and future roles in combating corruption. All these activities facilitated the students to acquire better understanding of the moral values.

In order to ensure smooth implementation of the Club activities, the ACC regularly supported and monitored the Clubs. During the reporting period, the ACC and the MoE conducted a review of all 10 Integrity Clubs in August and October 2018. The implementation status of the action plans adopted by the 10 Clubs for the academic year 2018 was 92.9%. The review findings revealed that the Club activities have



brought significant awareness and behavioral changes among the students. As shown in **Figure 2.1**, the average level of awareness among the students on anti-corruption measures increased from 43.2% in pre-test to 70.0% in post-test. Similarly, the average level of awareness on moral values increased from 61.3% in the pre-test to 70.3% in the post-test.



**Figure 2.1:** Students' level of awareness on moral values and anti-corruption measures.

As confirmed by the school management during the review, the institution of Integrity Clubs has helped to reduce disciplinary issues in the respective schools, improved the sense of ownership particularly in taking care of school properties, increased the practice of returning lost items to the rightful owner and promoted transparency and accountability in school management system by displaying expenditures statements on the bill boards. However, they faced challenges such as finding relevant guest speakers to talk on values, coping with limited time for Club activities (only an hour in a week) and most importantly sustaining the seed fund of Nu. 0.02 million.

To facilitate the Clubs to coordinate its activities successfully with enhanced awareness and capacities, the ACC conducted a three-day Consultative Workshop on Ethics and Integrity Management at Punakha in December 2018. The workshop was attended by 31 participants consisting of focal persons from the MoE, Principals and Club Coordinators from the 10 pilot schools. During the workshop, the participants jointly developed draft action plan for the next academic session.

Notwithstanding the successes made by the existing Clubs, the ACC plans to conduct evaluation in 2019 to assess the outcome of the existing Clubs. Accordingly, it will be extended to the remaining 10 Dzongkhags.

In addition, strategic Youth Integrity Plan will be developed to guide and facilitate better engagement of youth at all levels including the integration of moral values into the school curricula.

## **2.2. Prevention – Mainstreaming anti-corruption measures in sectoral plans and public/private institutions**

### **2.2.1. Corruption Risk Management – Mainstreaming risk based integrity measures in public sector**

CRM is one of the most pursued self-assessment and management tool to identify potential corruption risks in an organization, assess those risks in terms of its severity to the organizational performance/goal, analyze its causes and develop mitigation measures.

During the reporting year, with the technical support from a Risk Management Expert based in Malaysia, CRM tool was reviewed and revamped aligning it with International Standards i.e *ISO 31000:2009 Risk Management Principles and COSO Enterprise Risk Management Framework*. While the revised CRM tool does not have major changes on the principles, it is expected to ensure in-depth analysis of risks using tailored assessment parameters specific to the organizational functions and enhance monitoring and evaluation of the recommendations.

The revamped tool has been piloted in the Department of Forest and Park Services, Ministry of Agriculture and Forests (MoAF). Subsequently upon request, CRM was conducted in the Department of Immigration (DoI), MoHCA and the Royal Education Council (REC). A total of 35 potential corruption risks were identified (16 and 19 potential corruption risks for the DoI and REC respectively). Of the 35 risks, seven were assessed as High risks, 15 as Significant risks, 11 as Moderate and two as Low risks. The risks were assessed and categorized based on the assessment of its likelihood of occurrence and its impact on the organization. Abuse of functions in terms of favoritism/nepotism while delivering services, solicitation of bribe/gratifications, false claims, embezzlement of funds and misuse of public resources were some of the common potential corruption risks identified in the services of DoI and REC. Financial and political pressure, discretionary power at individual level substantiated by weak accountability and monitoring mechanisms, resource constraint, etc. were identified as some of the risks factors.

Based on the risks identified and its severity, the above agencies have developed and adopted strategic measures to mitigate the risks. The ACC will be following up on the implementation progress bi-annually.

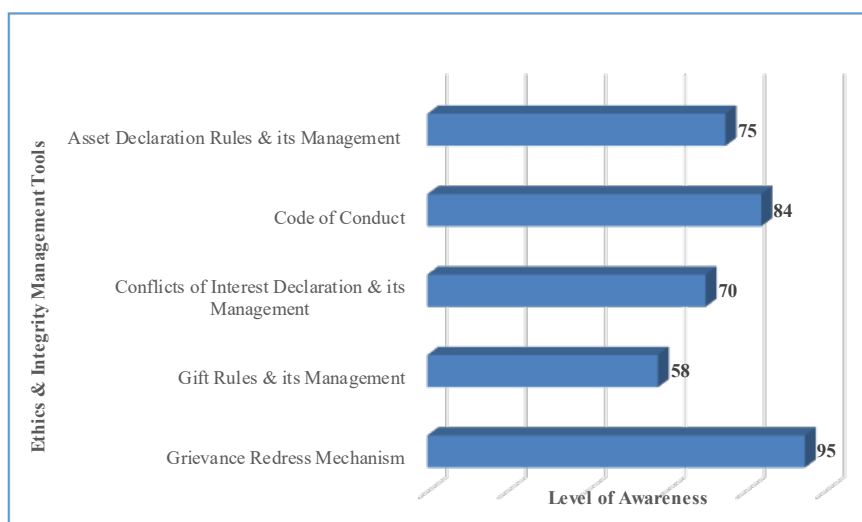
Towards mainstreaming risk based anti-corruption initiatives in the agencies, the ACC is currently working with the MoF to integrate implementation of CRM and IDT in the roles and responsibilities of Internal Auditors (IA). Such collaboration will not only facilitate and complement IAs in effectively fulfilling their roles and responsibilities to assess risks and strengthen internal control mechanisms at various levels of management but will also supplement the mandates of the RAA and ACC as envisioned in the National Internal Control Framework. A detailed proposal will be submitted to the MoF in early 2019.

### 2.2.2. Annual Performance Agreement – ensuring adoption of indicators on 14<sup>th</sup> NKRA ‘Corruption Reduced’

Towards achieving the 11<sup>th</sup> FYP’s overall objective of “*Self-Reliance and Inclusive Green Socio-Economic Development*”, the 14<sup>th</sup> NKRA ‘Corruption Reduced’ was integrated into the overall planning process as a mandatory component under the Annual Performance Agreement (APA). Towards this, for the FY 2017 – 2018, the *conduct of face to face sensitization on the five Ethics and Integrity Management tools* (namely Gift Rules & its management, AD Rules & its management, CoI Declaration & its management, Code of Conduct and GRM) was identified as mandatory Key Performance Indicator (KPI) for the APA signatories. Consequently, sensitization on various Ethics and Integrity Management tools were conducted by agencies, led by their respective focal person. A total of 6,412 civil servants were sensitized as part of APA implementation.

Except for Thimphu Thromde, all 45 APA signatories (20 Dzongkhags, three Thromdes, 10 Ministries and 12 Autonomous Agencies) implemented the indicator. The overall implementation rate was 97.8%.

The assessment on the implementation of the indicator was carried out using the preset criteria shared with the respective agencies along with the indicator. The findings of the assessment reveal that the overall level of awareness on the five tools was 76.4%. Of the five tools sensitized, the level of awareness on Gift Rules & its management was comparatively low followed by CoI Declaration & its management and AD & its management as depicted in **Figure 2.2**. This may be due to recent revisions in the Gift and AD Rules. While the concept of CoI is not new, there is still a gap in the capacities of the agencies to manage the information declared, which calls for more sensitization on the Gift Rules, AD Rules and CoI Management.



**Figure 2.2:** Level of awareness on the Ethics & Integrity Management tools

The ACC in collaboration with the HROs of the agencies will continue to sensitize on the Ethics and Integrity Management tools and further streamline the management of the tools. In order to guide the HROs and agencies in managing various tools and reinforce the culture of integrity in public sector institutions, a draft Handbook on Ethics and Integrity Management has been developed and will be finalized in 2019.

### ***2.2.3. Business Integrity Initiative of Bhutan – Promoting ethical businesses***

As part of the BIIB, 15 DHI portfolio companies and listed companies signed the Corporate Integrity Pledge (CIP) in 2017 as reported in the last annual report. With the technical assistance from a professional consultant, the Task Force Members assessed the integrity health of the companies using a Self-Evaluation Tool (SET) and accordingly briefed the signatory companies on their assessment results as well as shared the recommendations for further improvement.

One of the prominent recommendations that emanated from the assessment was to develop and adopt Business Code of Conduct (BCoC) by the respective signatory companies. To this, Bhutan Telecom Ltd. and Bank of Bhutan Ltd. have developed their respective BCoC while the remaining signatory companies plan to develop it before the conduct of the second round of SET in 2019.

Though the long-term achievements and benefits of BIIB are yet to be seen, some of the companies have already initiated small steps to denounce corrupt practices. After having signed the CIP, Bank of Bhutan Ltd. debarred an enterprise for three years from doing business with them for supplying fake goods signifying that the signing of the integrity pledge has contributed to, if not succeeded in internalizing the principles of ethical businesses.

However, to sustain the momentum of the initiative, it has been a challenge to convince the private sector to join the initiative. Having private sector on board is expected to ensure level playing field and eliminate possible competitive disadvantages. This was also repeatedly raised by the signatory companies. Towards this, Karma Group of Companies and Tashi InfoComm Ltd. were sensitized on the initiative so as to motivate these private companies to adopt the initiative. The Task Force Members will continue to sensitize as many private companies as possible and at the same time work on exploring various schemes to incentivize the companies adopting the initiative.

### ***2.2.4. Asset Declaration – Strengthening Accountability Culture***

AD is an important corruption prevention tool aimed at enhancing transparency and accountability of public employees as custodians of public resources. The AD Rules 2017 was implemented after training the HROs/focal persons and sensitizing the Heads of Agencies. In order to improve AD compliance and facilitate effective implementation of AD Rules 2017, Guidelines for users and Central Asset Declaration Administrator and Asset Declaration Administrators (ADA) and Guideline to determine Disproportionate Asset were developed.



# BIIB

Business Integrity  
Initiative of Bhutan

## *Promoting Ethical Businesses*



AD as a corruption prevention tool has huge potential in detecting and preventing illicit enrichment, facilitating management of CoI, promoting public trust through accountability and strengthening organizational integrity infrastructure. However, the ACC faces tremendous challenge in managing AD effectively and realizing its full potential due to shortage of staff. Therefore, to strengthen the AD unit, efforts are underway to upgrade the AD unit to Asset Declaration Management Division under the DoPE as reported in Section 1.2 of this report.

### AD Compliance

AD compliance for both Schedule I and II decreased slightly in the declaration year 2018 as against the increased number of declarants from 464 in 2017 to 672 in 2018 for Schedule I and 21,247 in 2017 to 21,578 in 2018 for Schedule II. AD compliance of the reporting year in comparison to the declaration year 2017 by total number of covered person, late declarants and non-declarants is shown in **Table 2.2**.

**Table 2.2: AD Compliance rate**

	Schedule I				Schedule II			
	2017		2018		2017		2018	
	No.	%	No.	%	No.	%	No.	%
Declarations filed on time	447	96.3%	633	94.2%	20,678	97.3%	20,925	97.0%
Late declarations	17	3.7%	38	5.7%	569	2.7%	235	1.1%
Non-declarations	0	0	1	0.1%	0	0	418	1.9%
<b>Total covered person</b>	<b>464</b>	<b>100%</b>	<b>672</b>	<b>100%</b>	<b>21,247</b>	<b>100%</b>	<b>21,578</b>	<b>100%</b>

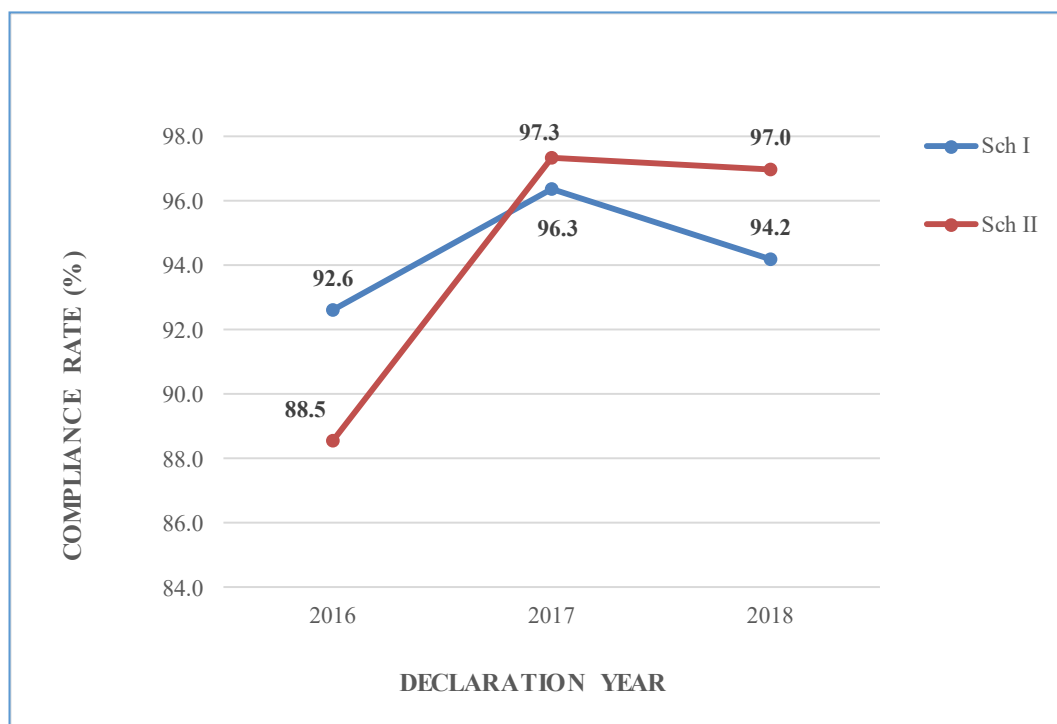
*Note: Under AD Rules 2012, all who did not declare on time were considered as late declarants. AD Rules 2017 has been aligned with ACAB 2011, making distinction between late declarants and non-declarants.*

Of the total covered persons under Schedule I, 94.2% (633) declared on time compared to 96.3% in 2017, decreasing the compliance rate for Schedule I by 2.1%. This is in contrast to the gradual increase in the compliance rate over the years. The drop in the compliance rate may be attributed to upgrading Gups to Schedule I (from Schedule II) category in AD Rules 2017 and their failure to file AD on time as 20 out of the 38 late declarants were Gups. On a positive note, there was 100% compliance from Cabinet Members, Chairperson & Members of National Council, Holders & Members of Constitutional Offices, Secretaries to the Government, Heads of Armed Forces, Dzongdags, Drangpons, Chairpersons and Chief Executives of Corporations and Heads of political parties.

Under Schedule II, as per the report submitted by the agencies, 20,925 of the total covered persons declared (97.0%) on time and the remaining 653 were late declarants (235 – 1.1%) and non-declarants (418 – 1.9%). The compliance rate for Schedule II in the reporting year has also decreased by 0.3%. Despite having trained the

HROs/focal persons and sensitized the Heads of Agencies, one of the reasons for the decrease may be due to limited awareness of the revised rules wherein selected occupational groups not covered in AD Rules 2012 are now covered under the AD Rules 2017.

The compliance rate for both Schedule I and II in comparison to the declaration year 2016 and 2017 is shown in **Figure 2.3**.



**Figure 2.3:** Compliance rate of Schedule I and II from 2016 – 2018

In accordance with Sections 38 (4) & (5) of ACAB 2011, Section 53 of AD Rules 2017 states “If a covered person, without reasonable justification, declares late, he/she shall be levied a fine equivalent to one day’s national minimum wage for every day until such failure subsists.” Further, Section 54 of the Rule states “If a covered person, without reasonable justification, fails to declare, he/she shall be levied a fine equivalent to one year’s national minimum wage.”

Of the total 692, late declarants (273) and non-declarants (419) of Schedules I and II, penalty for 383 have been waived off as they provided reasonable justifications. Status of penalties waived off and imposed is shown in **Table 2.3**.

**Table 2.3:** Status of penalties waived off and imposed

Schedule	Late Declarants	Non-Declarants	Total
I	38	1	39
II	235	418	653
<b>Total</b>	<b>273</b>	<b>419</b>	<b>692</b>
<b>Penalty Waived</b>	44	339	383
<b>Penalty Imposed</b>	229	80	309

As of 31 December 2018, 201 declarants have paid the penalties amounting to a total of Nu. 1.66 million i.e Nu. 0.09 million from Schedule I and Nu. 1.57 million from the Schedule II declarants.

The ACC has provided time extension till 31 January 2019 to those who have not paid penalty failing which the matter will be dealt with in accordance with Section 113 (1 c) of ACAB 2011 which states “A person is guilty of an offence, if that person fails to comply with any lawful demand, notice, order or requirement of the Commission in the execution of its duty under this Act”.

### ***Disproportionate Asset***

The online AD system is designed to flag Disproportionate Asset (DA), which may indicate possible illicit enrichment. Under Schedule I, there were a total of 242 DA cases flagged by the system compared to 99 in the last reporting year. Similarly under Schedule II, there were 7,027 DA cases flagged by the system compared to 4,596 cases in 2017.

For Schedule I, all the DA cases (242) flagged by the system were verified as they are exposed to higher level of risk stemming from the greater authority they have in decision making. Similarly, for Schedule II, DA cases of Executives, Specialist (EX & ES) and other equivalent position holders from corporations (218 cases) were verified. However, due to the human resource constraints, only the DA cases for remaining covered persons (1,469) under Schedule II having DA value over a million were verified.

In total, 1,929 DA cases (Schedule I - 242 & Schedule II – 1,687) were verified further to determine the existence of actual DA. Of the total 1,929 DA cases verified, 1,793 cases were dropped due to declaration errors and errors related to the system. Further inquiries were conducted for the remaining 136 DA cases (Schedule I - 75 & Schedule II - 61) and recorded for future reference.

In general, some of the repeated declaration errors were declaring the same properties repeatedly; declaring inherited properties with cost; not declaring income earned from sale of properties; retirement benefits; savings from abroad; typographical errors, etc.



Such negligence from the declarants created extra administrative burden to the limited human resource working in AD section. Such errors could be minimized to a great extent if the declarants file their declaration with due diligence and ADAs of respective agencies pay adequate attention in verifying the declarations before accepting them.

### ***Strengthening anti-corruption legal framework - Debarment Rules***

In accordance with Section 40 (3) of ACAB 2011, the ACC drafted the Debarment Rules 2013 to ensure ethical conduct of businesses. However, the Rule was not adopted since the Debarment Committee constituted under the draft Rule foresaw implementation difficulties in the Rule. To this, the ACC revised the draft Rule to make it more practical and implementable. The draft Debarment Rules 2018 was presented to the Debarment Committee, comprising representatives from the MoF, MoEA, MoWHS, OAG, CDB, Bhutan Chamber of Commerce and Industry, Construction Association of Bhutan, and ACC in November 2018 and comments received have been incorporated. Before adoption, the draft Rule will be presented to relevant stakeholders in early 2019.

### ***2.2.5. Systemic Studies – Proactive study to facilitate evidence based systemic improvement***

#### ***Follow up on the third National Integrity Assessment***

Agency specific reports of the third National Integrity Assessment (NIA) was completed for 60 agencies comprising of Dzongkhags, Thromdes, Ministries, Autonomous Agencies and Corporations and Financial Institutions.

The findings and recommendations were disseminated to all the agencies between March and April 2018. The dissemination in the Dzongkhags were conducted during Dzongkhag Tshogdus to maximize participation and save time and resources. The summary of dissemination conducted on the NIA agency specific report is given in **Table 2.4**.

**Table 2.4:** Dissemination conducted on the NIA agency specific report

SN	Agency Type	Number of Agency	No. of participants		
			Civil/Corporate Officials	Elected Officials	Total
1	Dzongkhag	20	470	390	860
2	Thromde	4	75	14	89
3	Ministries	10	65	-	65
4	Corporation & Financial Institute	14	30	-	30
5	Autonomous Agency	14	81	-	81
<b>Total</b>		<b>62*</b>	<b>721</b>	<b>404</b>	<b>1,125</b>

*\*Two agencies not covered for NIA 2016 were also sensitized*

Based on the findings, some of the key recommendations proposed to the agencies were:

- Develop and implement OIP;
- Develop service delivery standards;
- Promote and strengthen e-services;
- Implement Model Guidelines on Managing CoI in the Public Sector 2017;
- Implement The Gift Rules 2017; and
- Institutionalize GRM related to service delivery in the public agencies.

The above recommendations were in turn translated as inputs for developing OIP thereby drawing clear linkage with the mandatory KPIs in the 12<sup>th</sup> FYP under the 12<sup>th</sup> NKRA '*Corruption Reduced*'.

### ***Enhancement of NIA Methodology***

Drawing lessons from the three NIAs conducted so far and the consistent feedback received from the agencies, the ACC enhanced the methodology of the NIA by including a module on Ethical Leadership in the Internal Integrity Component. The ethical leadership was deemed necessary as the current modules on integrity culture and work integrity in the Internal Integrity Component were believed to depend largely on the organizational leadership. The ACC developed an ethical leadership questionnaire based on literature review, semi-structured interviews and focus group discussions. With the introduction of the new module, the weights assigned to the modules of the Internal Integrity Component will also have to be reviewed and redistributed. So far, the parameters and basis for weights have been defined. The questionnaire will be pilot tested and finalized before June 2019. The NIA methodology enhancement is a preparation for the conduct of fourth NIA, which is scheduled to be conducted in the next financial year.

#### ***2.2.6. Systemic Studies – Reactive studies and the status of recommendations***

The ACC investigation not only provides prospects of holding the corrupt individuals accountable but also provides opportunity to correct systemic flaws that potentially breeds corruption. Recognizing that investigation provides greater insight into how and why corrupt practices occurred in the first place, the ACC investigation also focuses on identifying system loopholes and making recommendations to plug the loopholes, wherever required.

During the reporting period, reactive studies aimed at strengthening the system to prevent corruption were carried out to identify systemic flaws in Dungkhag Administration, Phuentsholing and Ministry of Labour and Human Resources (MoLHR). The findings along with recommendations were shared with the MoF and copied to the RCSC and Dungkhag Administration, Phuentsholing for their review

and consideration to improve the system. The observations and recommendations shared were in relation to financial management loopholes both at operational and systemic level. With respect to the study in MoLHR, the ACC shared systemic flaws and administrative lapses observed during the investigation for their review and consideration to develop appropriate interventions to prevent occurrence of corruption. The issues shared were largely related to non-compliance with the Regulation on Bhutanese Overseas Employment Agent, failure to manage conflicts of interest and oversight weaknesses.

The ACC also examined systemic lapses in the conduct of disciplinary enquiry on a school Principal. The findings of the system study revealed systemic issues which if not taken care carries the risk of corruption opportunities and similar false allegations in future. Post-investigation systemic recommendations to enhance transparency and maintaining proper records of expenditures and decisions were shared with the school management which the school management has implemented.

In addition, an update on the systemic recommendations provided to the Department of Revenue and Customs, MoF and Department of Trade, MoEA are presented in **Table 2.5**.

**Table 2.5:** Implementation status of recommendations

Agency	Recommendation	Implementation status
Department of Trade, MoEA	Establish 'e-regulations' system and a common model for public information for all business licenses	<p>Department has already initiated the works related to the Trade Information Portal (TIP) through the EU-Bhutan Trade Support project. A stakeholder's consultation meeting with two experts from the International Trade Centre (ITC) was held in October 2018 and accordingly a roadmap for TIP was finalized.</p> <p>The ITC experts will be visiting Bhutan again from April 12 - 15, 2019 to revise and validate the content matrix of the Bhutan TIP; review the methodology and progress on creation of the Directory of Exporters; establish sources of information for specific content modules of the website; make decisions on design and visual aspects and on specific portal features; and to agree on next steps for portal development. The TIP will be fully functional by end of 2019.</p>
	Develop & implement a dispute settlement and appeal system for all licensing systems	This has been incorporated in the Trade and Investment Bill and the Department submitted it to the Ministry for approval and onward submission to the Cabinet.
Department of Revenue & Customs, MoF	Continue reducing the risk of collusion between taxpayers and officers and of staff corruption by expanding the use of the MIS in RAMIS	<p>The initial stage of developing Electronic Customs Management System (e-CMS) has been initiated with assistance from Asian Development Bank. The Department has completed the Business Process Re-engineering and is in the process of developing the Functional Requirement Specification and Software Development Specification for the e-CMS.</p> <p>Currently, the Department is working on securing fund to initiate the project to develop the e-CMS.</p>



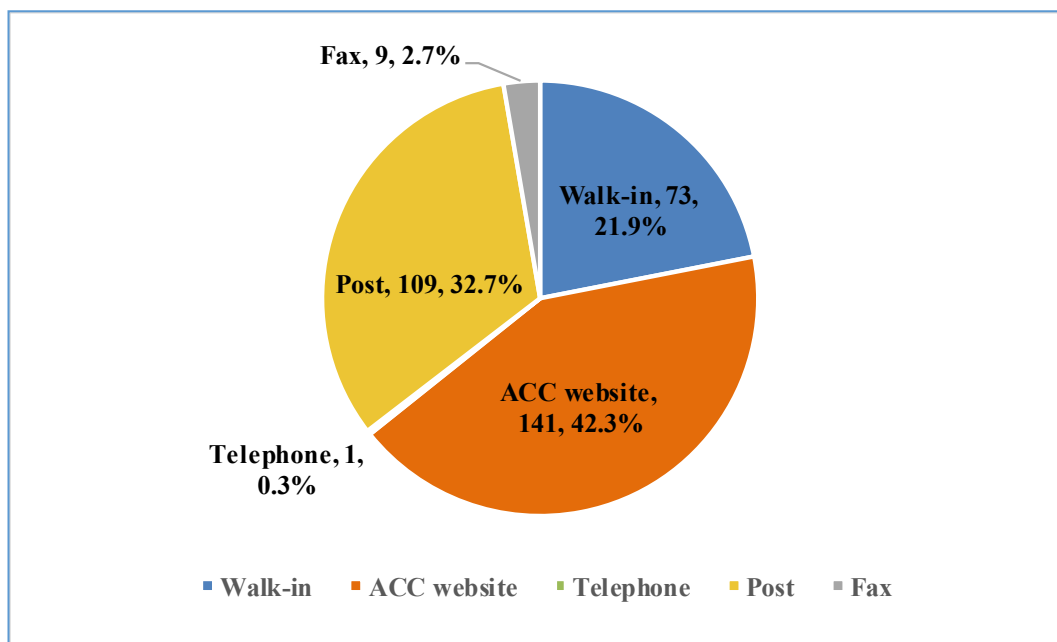
## 2.3 Complaints and Referrals – Reporting corruption

### 2.3.1. Number of Complaints received

During the reporting period, the ACC received 333 complaints with an average of about 28 complaints per month. Compared to 2017, 28 more complaints were received.

### 2.3.2. Modes of Complaints

Successively for the last three years, webmail continued to be the predominant mode of lodging complaints. Of the total complaints received, 141 complaints (42.3%) were received through the ACC webmail, followed by 109 complaints (32.7%) through post as shown in **Figure 2.4**. Walk-in complaints have decreased to 73 (21.9%) as opposed to the increasing trend in the walk-in complaints received over the last three years. This decreasing trend may be attributed to increasing use of webmail to report complaints. Complaints received through webmail increased from 32.4% in 2016 and 34.4% in 2017 to 42.3% in 2018.



**Figure 2.4:** Complaints received by modes

### 2.3.3. Known vs Anonymous sources of Complaints

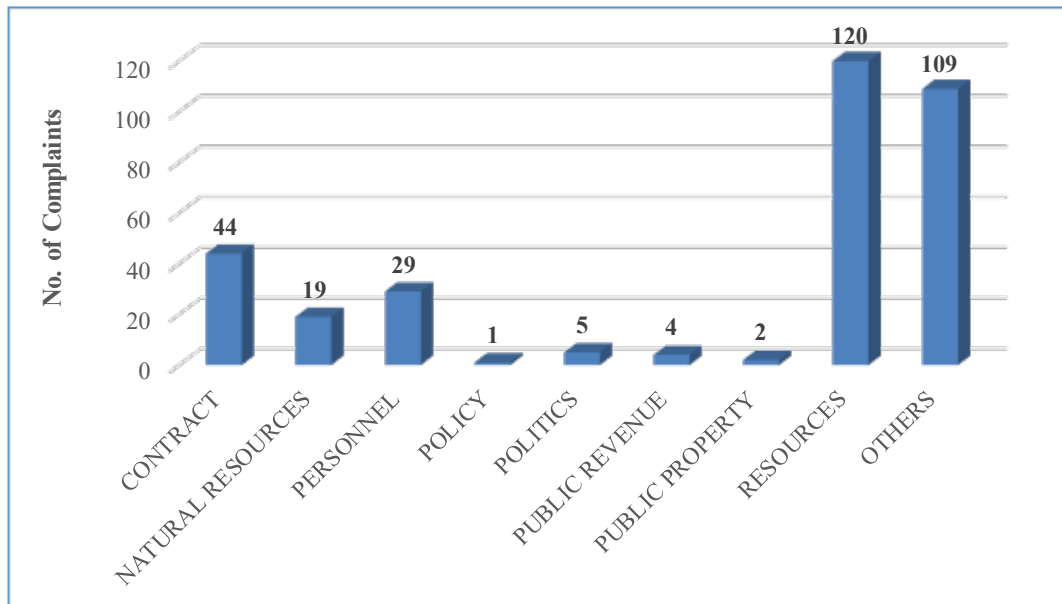
From the 333 complaints received during the reporting period, 130 complaints (39.0%) were from known sources including 17 complaints referred by agencies and 203 complaints (61.0%) were from anonymous sources. Compared to 2017, complaints from known sources decreased by 3.6%. The decrease in the complaints

from known sources cautions the reality of fear of reprisals and public trust in the ACC's and relevant agencies' responsiveness to complaints.

From the known sources, excluding the 17 complaints referred by agencies, 100 complaints (88.5%) were reported by male and 13 complaints (11.5%) by female complainants. Of the complaints from known sources, 64 complaints (49.2) were lodged through walk-in (male – 52 and female – 12).

#### 2.3.4. *Complaints by area of alleged corruption*

The highest number of complaints received in the reporting year pertained to 'Resources' constituting 120 complaints (36.0%), followed by 'Others' category with 109 complaints. However, 'Others' category includes those complaints which did not fall in any of the identified areas shown in **Figure 2.5**. The complaints related to contract and personnel were also substantial comprising of 44 (13.2%) and 29 (8.7%) complaints respectively.

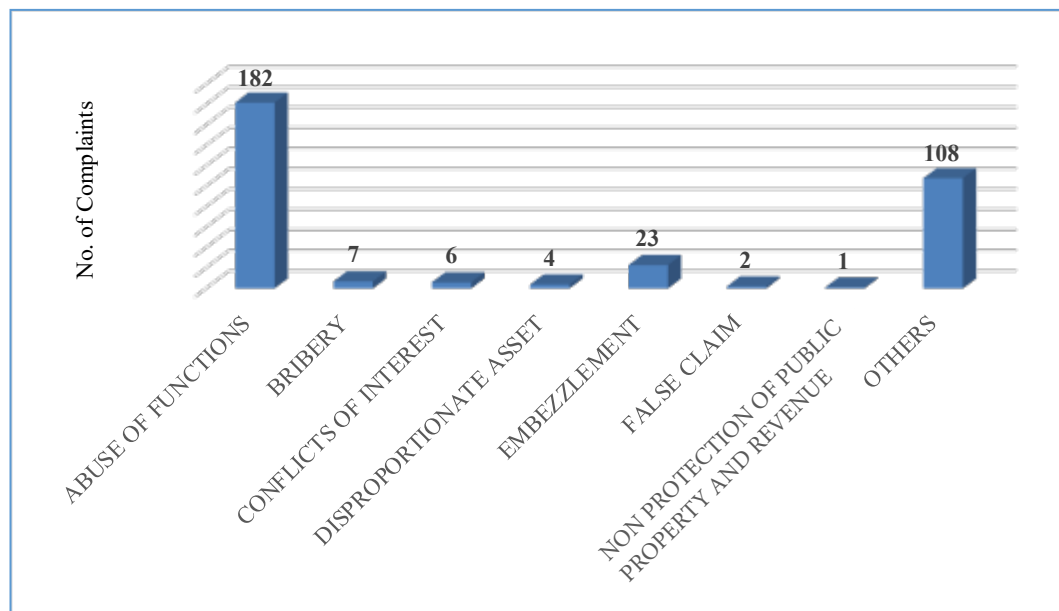


**Figure 2.5:** *Complaints by area of allegations*

#### 2.3.5. *Complaints by type of alleged corruption offences*

Chapter 4 of ACAB 2011 lists 34 corruption offences under 14 broad areas: Bribery; Embezzlement (public and private); Trading in influence; Abuse of functions; Possession of unexplained wealth; (Non) Protection of public property and revenue; False Claim; Failure to declare conflicts of interest; False declaration; Abuse of Privileged information; Money laundering; Concealment of corruption proceeds; Offences relating to witnesses; and Participation in an offence.

As in the past years, abuse of functions was alleged to be the major corruption offence constituting 182 complaints (54.7%) as shown in **Figure 2.6**.

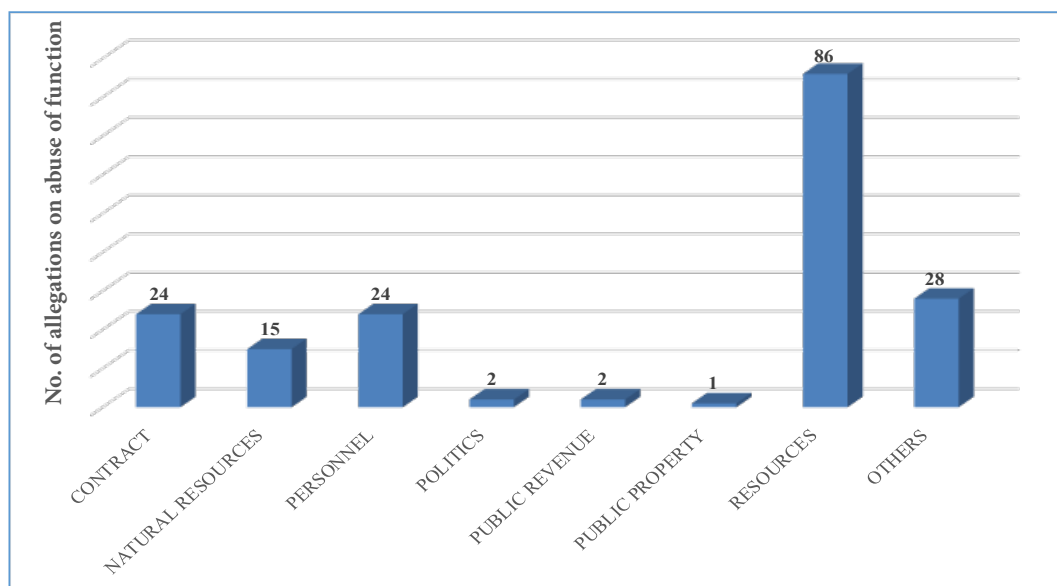


**Figure 2.6:** Complaints by type of alleged corruption offences

Allegations on embezzlement was also substantial with 23 complaints (6.9%). There were comparatively less complaints pertaining to bribery (7), conflicts of interest (6), disproportionate asset (4), false claim (2) and (non) protection of public property and revenue (1). Grievances and complaints not related to corruption offences categorized as ‘Others’ constituted 108 complaints (32.4%).

The ACC did not receive any complaints alleging abuse of privileged information, money laundering and trading in influence.

Majority of the allegations on abuse of functions were in the area of resources with 86 complaints (47.3%), followed by contract and personnel with 24 complaints each (13.2%) as depicted in **Figure 2.7**. Most of the allegations on abuse of functions in resources were against Local Governance (29), followed by Dzongkhag Administrations (10) and the MoE (10).

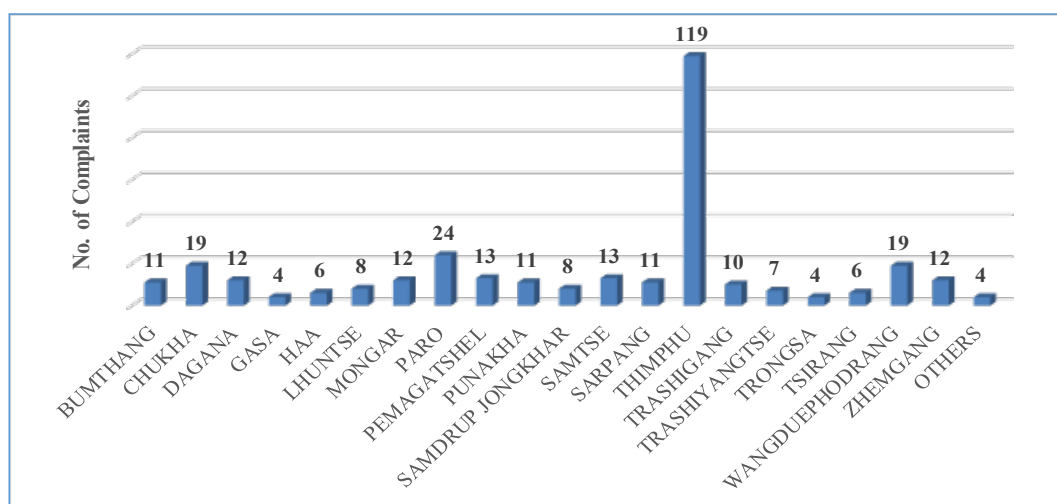


**Figure 2.7:** Allegations on abuse of functions by area of alleged corruption

Similarly, majority of the allegations of embezzlement were in the area of resources with 21 complaints (91.3%).

### 2.3.6. Complaints by place of occurrence

As in the past, the highest number of complaints by place of occurrence pertained to Thimphu Dzongkhag constituting 119 complaints (35.7%), followed by Paro Dzongkhag with 24 complaints (7.2%). Gasa and Trongsa Dzongkhags had the least number of complaints as shown in **Figure 2.8**.

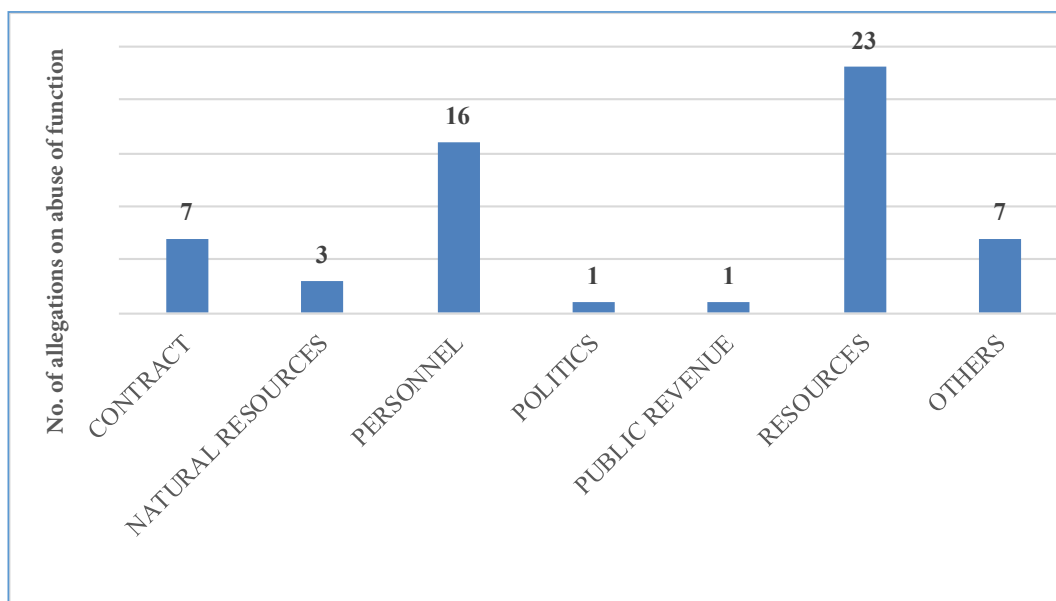


**Figure 2.8:** Complaints by place of occurrence



This consistent pattern of Thimphu Dzongkhag with the highest number of complaints may be attributed to the density of population, number of public agencies, economic activities, proximity to the ACC, etc. The category “Others” include those complaints that did not specify a location.

Of the 119 complaints against Thimphu Dzongkhag, 58 complaints were related to abuse of functions, followed by embezzlement (6), conflicts of interest (4) and bribery (4). Further, most of the allegations on abuse of functions in Thimphu were in the area of resources (23), personnel (16) and contract (7) as shown in **Figure 2.9**.

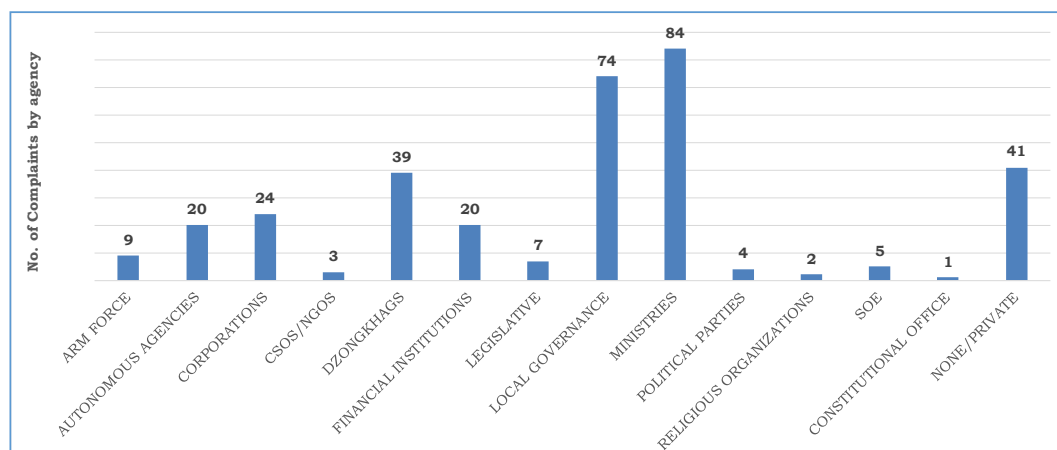


**Figure 2.9:** Allegations on abuse of functions in Thimphu Dzongkhag by area of alleged corruption

### 2.3.7. Complaints received Agency-wise

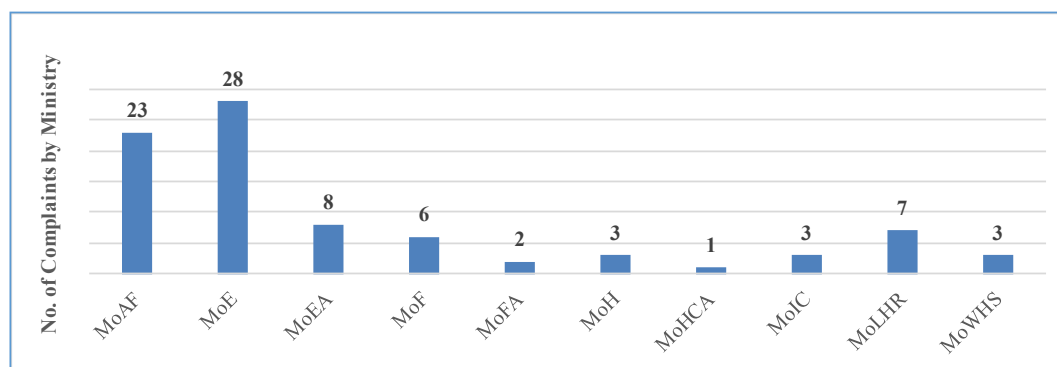
The highest number of complaints received in the reporting year were against the Ministries with 84 complaints (25.2%) and this is a substantial increase from 52 in 2017 and 62 in 2016. On the other hand, complaints against Local Government (Gewogs) has reduced slightly to 74 (22.2%) from 81 in 2017 and 119 in 2016.

Besides Ministries and LG, 39 (11.7%) complaints against Dzongkhag Administrations was comparatively high as illustrated in **Figure 2.10**.



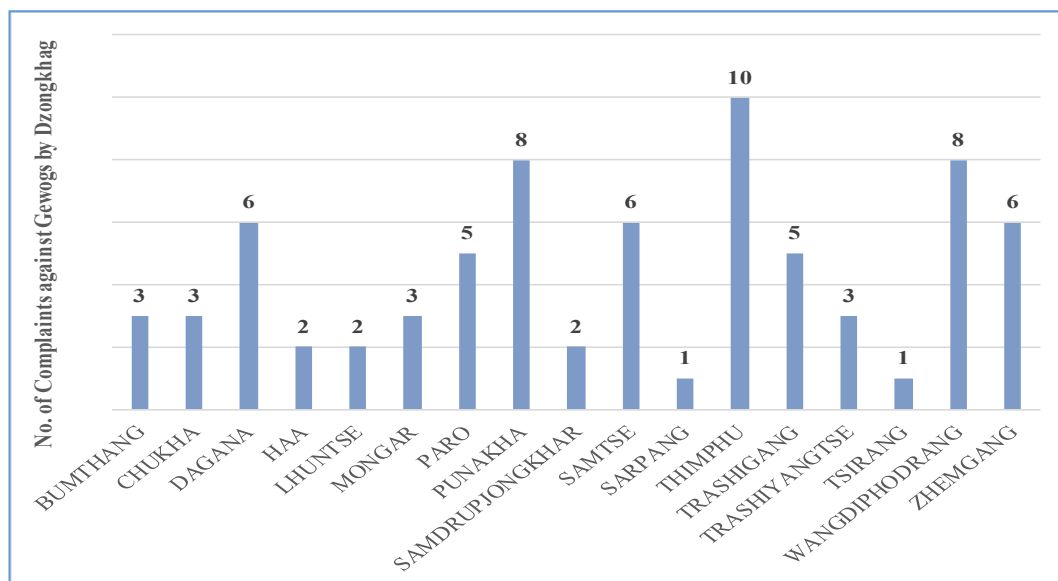
**Figure 2.10:** Complaints received Agency-wise

Among the Ministries, the MoE had the maximum complaints (28) followed by MoAF (23). **Figure 2.11** shows the 84 complaints disaggregated by the respective Ministries.



**Figure 2.11:** Complaints against Ministry

74 complaints against LG (Gewogs) is further categorized by Dzongkhags as shown in **Figure 2.12**. Complaints against Gewogs of Thimphu Dzongkhag was the highest with 10, followed by Punakha and Wangdiphodrang with eight each. There were no complaints against the Gewogs of Gasa, Pemagatshel and Trongsa.

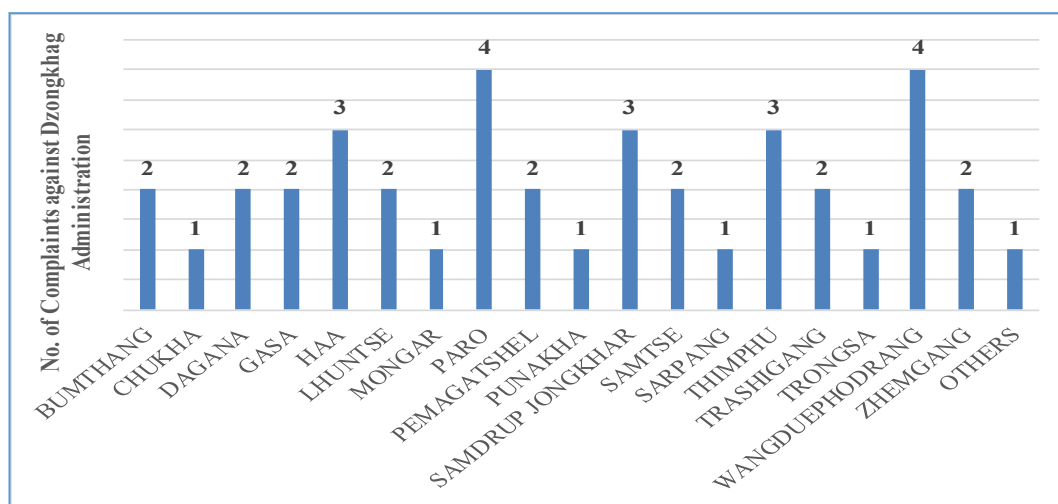


**Figure 2.12:** Complaints against LG

Of the 74 complaints, 52 complaints pertained to allegations on abuse of functions, six on embezzlement and one each on conflicts of interest and false claim. The remaining 14 did not pertain to corruption offence.

With regard to areas of allegation against LG, majority of the complaints (35) were related to resources, followed by contract (11) and natural resources (6).

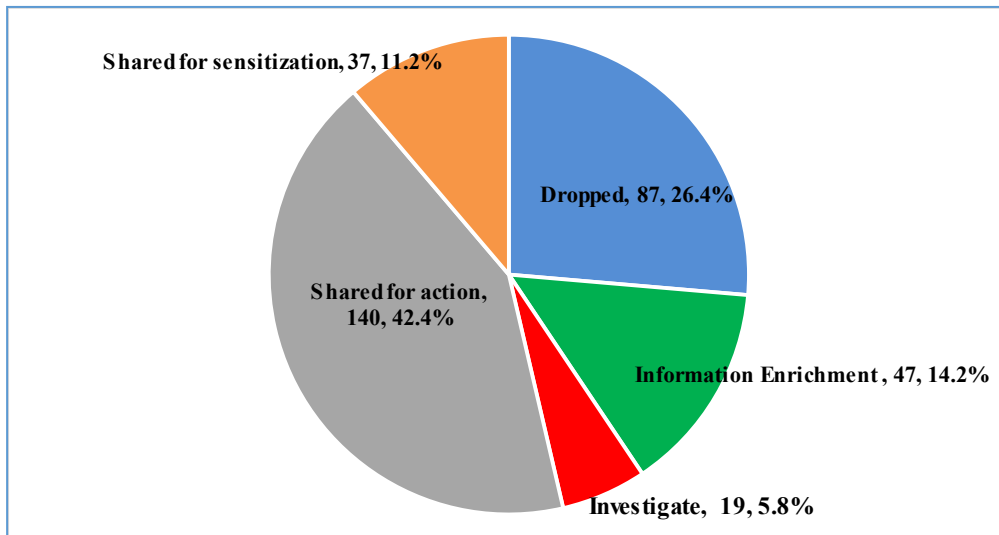
Further, details of 39 complaints against 18 Dzongkhag Administrations are given in **Figure 2.13**. There were no complaints against Tsirang and Trashiyangtse Dzongkhag Administrations.



**Figure 2.13:** Complaints against Dzongkhag Administration

### 2.3.8. Actions on Complaints

Of the 333 complaints received, decisions were taken on 330 complaints: 19 qualified for investigation, 47 assigned for information enrichment, 140 shared for administrative action, 37 shared for sensitization and 87 dropped as depicted in **Figure 2.14**.



**Figure 2.14:** Actions on complaints

In general, the percentage of dropped complaints further decreased to 26.4% in 2018 as compared to 27.4% in 2017 and 31.9% in 2016. As in the past years, majority of the dropped complaints were received from anonymous sources (55) of which a maximum of 38 complaints were lodged through Website. Substantial number of dropped complaints (53) were from the category, ‘Others’ which were not related to corruption offences, followed by perceived abuse of function (25). In general, the dropped complaints were either general, vague and unsubstantiated, personal grievances or repeated complaints on which decisions had already been taken. While there is a positive trend in dropped complaints reducing over the last three years, there is still the need to continue reinforcing awareness on corruption offences and facilitate reporting of quality complaints, public and private agencies to address grievances efficiently and effectively, and the individual citizens to report corruption responsibly.

Of the 19 complaints qualified for investigation, 16 were from known sources and three were from anonymous sources as shown in **Table 2.6**.



**Table 2.6:** Decisions on the complaints by source and mode

Mode of Complaints	Total Number of complaints	Qualified for investigation		Shared with agency for:				Information Enrichment		Dropped		Pending		TOTAL	
				Adm. Action		Sensitization									
		Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown
Walk-in	73	4	0	27	1	2	1	10	3	23	1	1	0	67	6
Telephone	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1
Post	109	9	1	6	42	0	17	6	6	5	15	1	1	27	82
Fax	9	1	0	3	1	0	1	0	2	0	1	0	0	4	5
ACC Web	141	2	1	16	44	2	14	8	12	4	38	1	0	32	109
TOTAL	333	16	3	52	88	4	33	24	23	32	55	2	1	130	203
		19		140		37		47		87		3		333	
		5.7%		42.0%		11.1%		14.1%		26.1%		0.9%		39.0%	61.0%
		333													

### 2.3.9. Decisions on Complaints by gender

In terms of gender, of the 113 complaints lodged by known sources (excluding 17 referred by agencies), 13 were lodged by female of which eight complaints were dropped and none qualified for investigation. From the 100 complaints lodged by male, 23 complaints were dropped and nine qualified for investigation. Considering that the percentage of women attending the advocacy and awareness programs conducted by the ACC are almost equal to the male attendees as mentioned in Section 2.1.1, the number of complaints lodged by women is not encouraging. However, it is possible that women are lodging complaints as anonymous complainants.

To this, it calls for attention of the ACC and other relevant agencies to revisit its approaches of engaging women in its advocacy and awareness programs to empower them to participate in strengthening democracy.

### 2.3.10. Status of Complaints qualified for Information Enrichment

During the reporting year, 47 complaints qualified for Information Enrichment (IE) and two complaints that were shared for action were upgraded to IE, increasing the complaints qualified for IE to 49.

In addition, IE on 14 complaints of the year 2017 were concluded. Based on the findings, eight complaints were upgraded for investigation, five closed and one shared for action as shown in **Table 2.7**.

**Table 2.7:** Outcome and status of the IE

Year	Complaints qualified for IE	Decisions on IE findings				Ongoing	Not Assigned
		Closed (baseless)	Upgraded for Investigation	Shared for Action	Shared for Sensitization		
2018	49	11	3	7	1	14	13
2017*	14	5	8	1	0	0	0
<b>Total</b>	<b>63</b>	<b>16</b>	<b>11</b>	<b>8</b>	<b>1</b>	<b>14</b>	<b>13</b>

\* Pending 2017 IE carried over

### 2.3.11. Status of Complaints shared with Agencies

During the reporting year, 140 complaints that were administrative in nature were shared for action with relevant agencies of which 47 (33.6%) complaints were shared with the RCSC. Based on the understanding reached, the RCSC will follow its due process for administrative action where required and accordingly report in its annual reports. Further, should the RCSC inquiry reveal prima facie evidence of corrupt act/s, the RCSC will inform the ACC with its preliminary findings and documents, if any, for the ACC to further pursue the case. Subsequently, the RCSC returned one complaint on the ground that it did not pertain to a civil servant. This returned complaint was qualified for IE.

Of the remaining 93 complaints shared for action with other agencies, Action Taken Reports (ATRs) for 41 complaints (44.6%) were received in 2018 as shown in **Table 2.8**. The agencies have taken 48 days on average to review allegations and submit ATRs.

Further, of the 59 pending ATRs of 2017 and the previous years, the ACC in 2018 received 45 ATRs. Upon review of the ATRs, 35 complaints were closed and three upgraded for investigation as shown in **Table 2.8**.

**Table 2.8:** Status of complaints shared with agencies for administrative action

Year	Total complaints shared for action	Decisions on ATRs				Under review	Shared with RCSC	Total	Action on complaints not received
		Closed	Upgraded for investigation	Upgraded for IE	Deferred for further action/information				
2018	140	30	2	2	6	1	46	87	53
2017 and before*	77	35	3	0	7	0	0	45	32
<b>Total</b>	<b>217</b>	<b>65</b>	<b>5</b>	<b>2</b>	<b>13</b>	<b>1</b>	<b>46</b>	<b>132</b>	<b>85</b>
		<b>85</b>							

\* Pending 2017 ATRs carried over

Of the 85 ATRs received and reviewed, 54 complaints (63.5%) were found to be true and 31 (36.5%) were baseless. The percentage of baseless complaints dropped from 45.1% in 2017 to 36.5% in 2018.

Based on the actions taken by the agencies, 65 complaints were closed, five upgraded for investigation and two for IE, and decisions on 13 ATRs are pending for need of more information/administrative action. One ATR is currently under review by the ACC.

Of the 65 closed ATRs/complaints, the relevant agencies have taken appropriate administrative actions on 22 complaints and one criminal conviction on prosecution by the RBP. Rest either did not merit administrative actions or were unfounded allegations. Administrative actions included imposing penalties/fines and restitutions, levying liquidity damages, revocation of appointments, cancellation of license, restoration of damaged facilities, dismantling temporary structure, reprimanding and warning for negligence/carelessness, and most importantly, recommending system improvements.

Considering that some complaints by nature and number of allegations made are shared with more than one agency, against the 85 complaints shared, 93 ATRs are pending from the agencies of which 30 are from the RAA. As per the understanding reached, the RAA will review the complaints during its audit of the agency concerned and provide ATRs, unless special request is made for immediate review and ATR. Complaints shared agency wise is shown in **Table 2.9** below:

**Table 2.9:** Pending ATRs of 2017 and 2018 by agency

Agency	2017	2018	Total
Bhutan Trust Fund	0	1	1
Chukha Dzongkhag Administration	2	1	3
Civil Society Organization Authority	1	0	1
Druk Holding & Investments	1	1	2
Druk PNB	0	1	1
Jigme Dorji Wangchuck National Referral Hospital	1	0	1
Kholongchu Hydro Energy Ltd	0	1	1
Ministry of Agriculture & Forests	1	1	2
Ministry of Economic Affairs	2	1	3
Ministry of Labour and Human Resources	0	5	5
Ministry of Works & Human Settlement	0	1	1
Mongar Dzongkhag Administration	1	0	1
National Land Commission Secretariat	5	3	8
National Pension & Provident Fund	0	1	1
Punakha Dzongkhag Administration	2	3	5
Punatshangchu Hydroelectric Power Authority	0	1	1
Royal Audit Authority *	4	26	30
Royal Bhutan Army	1	0	1
Royal Bhutan Police	3	5	8
Royal Monetary Authority	0	1	1
Samtse Dzongkhag Administration	1	2	3
Thimphu Dzongkhag Administration	1	0	1
Thimphu Thromde	1	1	2
Tourism Council of Bhutan	0	1	1
Trashiyangtse Dzongkhag Administration	2	1	3
Trongsa Dzongkhag Administration	1	0	1
Wangduephodrang Dzongkhag Administration	0	3	3
Zhemgang Dzongkhag Administration	1	0	1
Zhung Dratshang	0	1	1
TOTAL	31	62	93
	93		

\*ATRs expected after RAA conducts its audit of the agency concerned.



### 2.3.12. Referrals from the RAA and other agencies

The RAA, in accordance with Section 67 of the Audit Act of Bhutan 2006 and Section 34 (7) of the Audit Act of Bhutan 2018, refers Audit Reports to the ACC when there are suspicions of corruption offences. During the reporting year, the RAA referred four audit reports of which three qualified for investigation and one qualified for IE. One qualified for investigation was fast-tracked and assigned for investigation.

Bilateral meetings are held twice a year to discuss status and follow up actions on the referrals. **Table 2.10** shows the status of the RAA referrals for 2010 - 2018.

**Table 2.10:** Status of the RAA referrals

Year	No. of Reports received/brought forward	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	1	1	0	0
2014	3	1	0	2	0	0
2015	8	2	0	3	3	0
2016	3	1	2	0	0	0
2017	3	0	2	0	1	0
2018	4	4	0	0	0	0
<b>Total</b>	<b>27</b>	<b>8</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>0</b>

Like any other complaints, referrals from the RAA and other agencies are registered and evaluated (included in the 333 complaints of 2018). Decisions on the remaining 13 referrals from other agencies such as Cabinet Secretariat (2), BPC (3), RBP (2), Dzongkhag Administration (3 from Samdrup Jongkhar, Trashigang and Haa), CDB (1), CSO (1), and Political Party (1) received are as shown in **Table 2.11**.

**Table 2.11:** Outcome of referrals from agencies

No. of Reports received in 2018	Action on the referrals					Pending	Total
	Investigate	Share for adm. Action	Share for Sensitization	Information Enrichment	Drop		
13	7	2	0	2	1	1	13

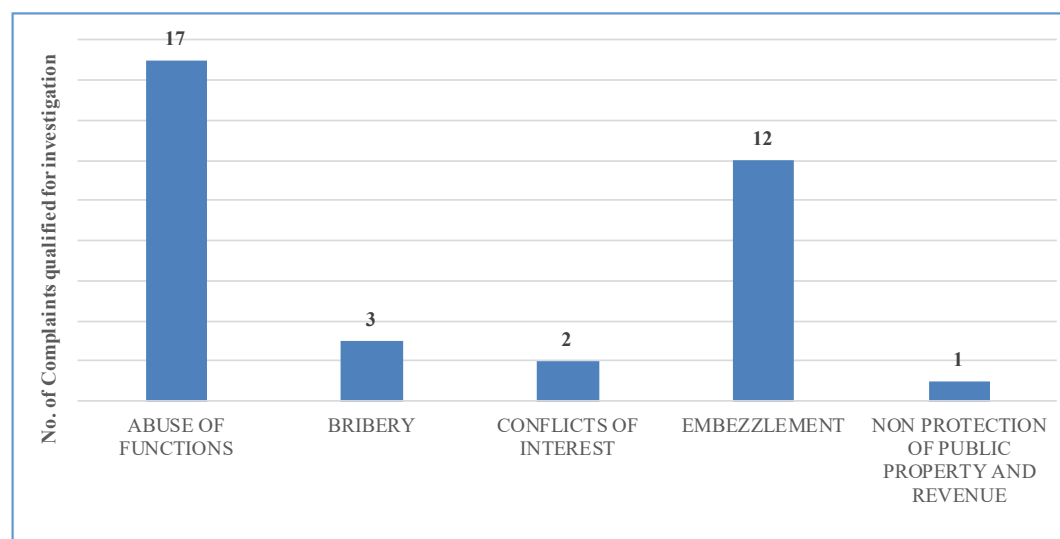
### 2.3.13. Complaints qualified for investigation

Considering the complaints that qualified for investigation and the ATRs and IE of 2018 and previous years which got upgraded to investigation in 2018, the total number of complaints that qualified for investigation was 35 as shown in **Table 2.12**.

**Table 2.12:** Complaints qualified for investigation

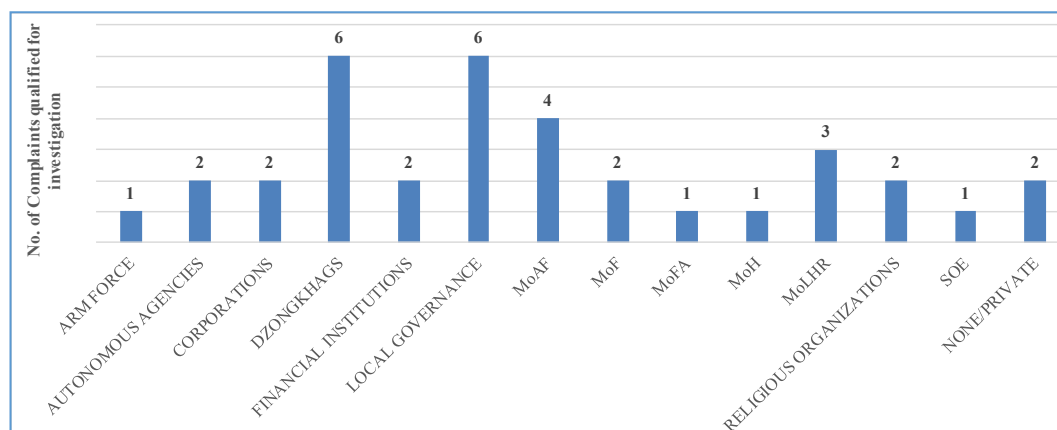
Year of Complaint	Description	Complaints qualified for investigation
2018	Complaints	19
	IE upgraded	3
	ATRs upgraded	2
2017 & before complaints carried over to 2018	IE upgraded	8
	ATRs upgraded	3
<b>Total</b>		<b>35</b>

Of the 35 complaints that qualified for investigation, majority pertained to abuse of functions (17) followed by embezzlement (12) as shown in **Figure 2.15**.



**Figure 2.15:** Complaints qualified for investigation by type of corruption offences

Dzongkhag Administrations and LG (Gewogs) had the highest with six complaints each that qualified for investigation, followed by the MoAF and MoLHR as depicted in **Figure 2.16**.



**Figure 2.16:** Agency-wise complaints qualified for investigation

### 2.3.14. Status of Backlog Complaints and complaints qualified for investigation in 2018

Reducing backlog of complaints qualified for investigations is a priority of the Commission. As reported in the Annual Report 2017, backlog complaints qualified for investigation was 68 i.e. 54 for the period, 2006 – 2016 and 14 for 2017.

Status of backlog complaints (2006 – 2017), 2018 complaints and complaints of 2017 & before which qualified for investigation in 2018 on review of ATRs and IEs are shown in **Table 2.13**.

**Table 2.13:** Status of Complaints qualified for investigation

Year of Complaint	Complaints qualified for investigation	Assigned for investigation	Balance for investigation
2006 – 2016	54	5	49
2017	14	8	6
ATR and/or IEs of 2017 & before complaints reviewed in 2018	11	2	9
2018	24	10	14
Actionable intelligence in 2018	2	2	0
<b>Total</b>	<b>105</b>	<b>27</b>	<b>78</b>

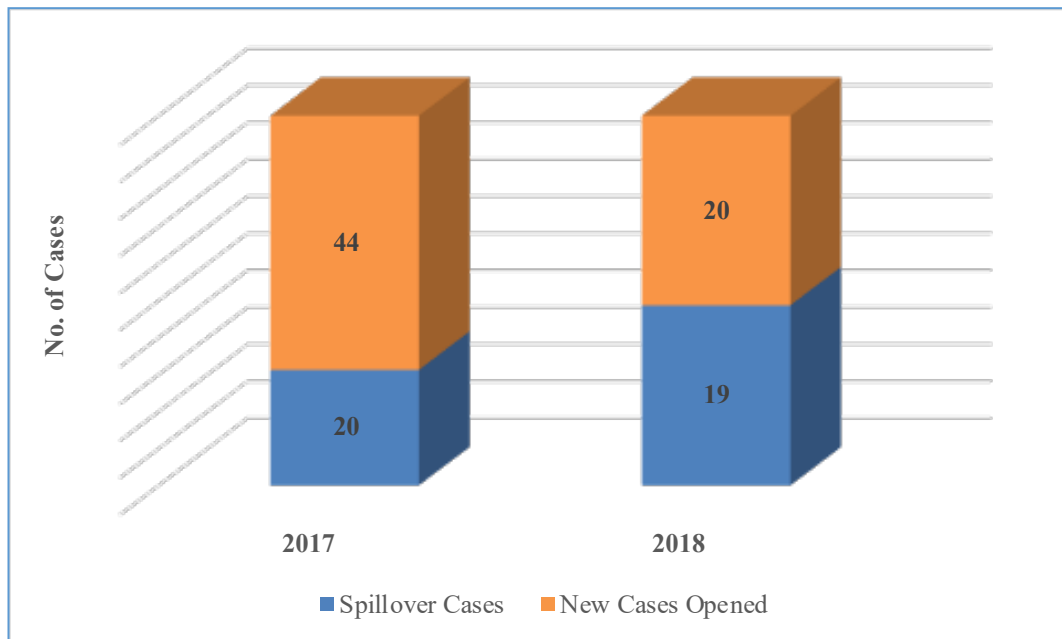
27 including the two upgraded actionable intelligence were assigned for investigation as of December 2018 leaving 78 complaints to be carried forward to 2019.

However, of the 27 assigned for investigation, seven complaints were related to five on-going cases and hence the remaining 20 new cases were opened for investigation in 2018.

## 2.4 Investigation and Referrals – *Expose and deter corruption by effective investigation without fear or favor*

### 2.4.1. Caseload

The total caseload for the reporting period was 39 as compared to 64 cases in 2017, as shown in **Figure 2.17**. 20 of the 39 cases (51.3%) assigned were new cases. The caseload for 2018 is comparatively less than 2017 and 2016 as the ACC could not continue rigorous investigation during the election period for the third parliamentary elections. However, the magnitude of workload (39) is more than the target of 35 cases per year for the 12<sup>th</sup> FYP.

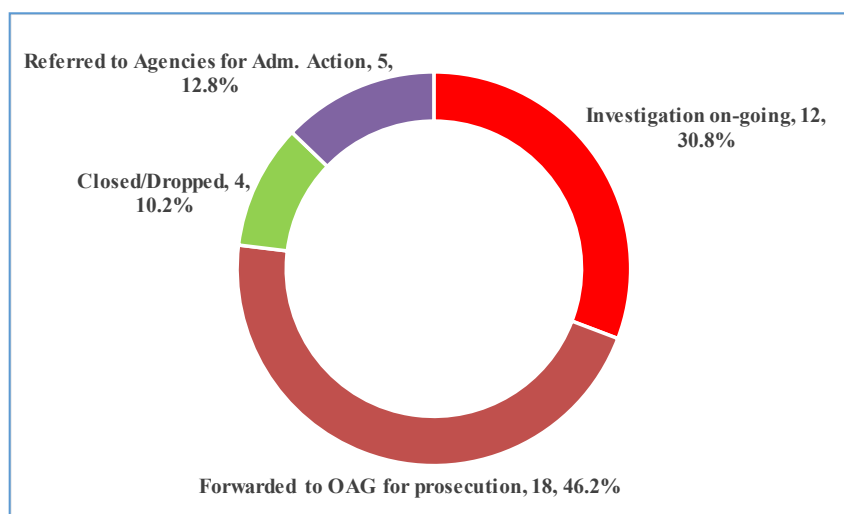


**Figure 2.17:** Caseload 2017 vs. 2018

As a priority of the Commission, two out of four actionable intelligence targeted in the FY 2018-19 have been completed, upgraded and included in the 20 new cases investigated in 2018.

Out of the 39 cases, the ACC completed investigation of 27 cases (including one based on actionable intelligence) during the reporting period achieving overall case turnover of 69.2% of which 18 cases were referred to the OAG (see **Annex I**); four cases were dropped and closed due to lack of evidence of corruption or administrative improprieties; and five cases were referred to the relevant agencies for administrative actions. The remaining 12 cases (two old and 10 new cases) were on-going at various stages as shown in **Figure 2.18**.





**Figure 2.18:** Status of Investigation

The average turnaround time (TAT) for investigation was about 102.6 working days with three-member teams being assigned a minimum of three cases in the year. The overall investigation outcome and the year-end status for 2018 are given in **Table 2.14**.

**Table 2.14:** Investigation, its outcomes and status

Description	Old	New	Total	%
No. of cases carried over to 2018	19	-	19	48.7%
No. of new cases opened in 2018	-	20	20	51.3%
<b>Total caseload for 2018</b>	<b>19</b>	<b>20</b>	<b>39</b>	<b>100%</b>
<b>Outcome/Status</b>				
<b>1) Investigation completed:</b>				
(i) Forwarded to OAG	12	6	18	46.2%
(ii) Referred to Agencies for Adm. action	3	2	5	12.8%
(iii) Dropped/Closed	2	2	4	10.2%
<b>2) Investigation on-going</b>	2	10	12	30.8%
<b>Total</b>	<b>19</b>	<b>20</b>	<b>39</b>	<b>100%</b>

Out of the 18 cases forwarded to the OAG in 2018, six cases pertained to fraud and embezzlement, followed by four cases related to collusion and bribery in procurement, while the remaining pertained to conflicts of interest; abuse of functions; encroachment of government land; tax evasion; false claim and misuse of subsidies. Unlike in 2017, majority of the embezzlement cases investigated pertained to government agencies. A total of 47 people were recommended to be prosecuted.

As of December 2018, 21 cases (15 cases that were forwarded in 2018 and six forwarded in 2017) were under review by the OAG as shown in **Annex II**. Further, 74 cases (including 13 De-suung cases) were under trial at various Courts as shown in **Annex III**. Of the 74 cases under trial, 29 cases various appeal Courts (2 - Chukha District Court, 18 - High Court & 9 - Supreme Court). The remaining 45 cases were in various Trial Courts of which Thimphu District Court had the maximum of 20 cases followed by Phuentsholing Dungkhag Court with 17 cases. The cases in the Trial Courts pertained to cases registered in 2016 (13), 2017 (20) and 2018 (12).

#### **2.4.2. Prosecution by the ACC**

##### ***De-Suung cases***

One of the significant decisions that the ACC took in 2018 was to take over prosecution process from the Royal Bhutan Army (RBA). The decision was taken upon refusal by the RBA in November 2018 to appeal against the decision of the High Court. The RBA presumed and perceived that the ultimate result may be the same in the Larger Bench despite their effort to seek justice.

In the Trial Court (Royal Bhutan Armed Forces Court of Justice), all 15 Officers and 9 Non-Commissioned Officers (NCOs) involved in 15 cases were convicted for embezzling De-Suung funds. However, the High Court, except for 4 Officers and 2 NCOs, acquitted all the defendants, involved in 11 cases, on the ground that the funds were adjusted for the purpose of De-Suung program. The High Court without addressing other charges on deceptive practices, solicitation, etc., reversed the judgments of the Trial Court.

The judgments were thoroughly reviewed and accordingly appealed against the nine cases involving 12 defendants (9 Officers and 3 NCOs) before the Larger Bench of the High Court. However, the ACC did not appeal against 6 defendants (2 Officers and 4 NCOs) by taking into account the rationale provided in the judgments.

The appeal was dismissed by the Larger Bench of the High Court on the ground of not having *locus standi* for the ACC to appeal the case since the initial prosecution in the Trial Court was done by the RBA.

The ACC appealed before the Supreme Court against the appeal dismissal by the Larger Bench of the High Court. The appeal was initiated to specifically seek a ruling on *whether the inflated amount can be considered as legally acceptable adjustment or be considered as embezzlement* and the acceptability of the objectionable evidences. The Supreme Court accepted the appeal and the hearings on the cases are on-going.

##### ***Trongsa Land Case***

As reported in the Annual Report 2017, the ACC registered the case before the District Court, Trongsa in February 2017 invoking Section 128 (3) of ACAB 2011.

Preliminary and rebuttal hearings were completed in 2017. In 2018, the District Court conducted seven rounds of evidence hearing thereby providing ample opportunities to submit their defense. The case is still *sub judice*.

### ***Civil Litigation***

During the investigation on illegal operation of business licenses by foreign nationals at Phuentsholing in 2015, the ACC seized goods which were subject matter of corruption proceeds. Since goods seized were of perishable in nature, the ACC sought order from the Dungkhag Court, Phuentsholing and auctioned the seized goods.

The goods worth Nu. 51.98 million belonging to 25 business entities were auctioned. Despite repeated reminder, six bidders failed to deposit auctioned proceeds amounting to Nu. 4.29 million. On 15 March 2018, the ACC with power of attorney from the OAG, filed a civil case before the Dungkhag Court, Phuentsholing to recover the outstanding amount from the defaulters. The Dungkhag Court, Phuentsholing on 24 September 2018 rendered judgment ordering defendants to pay outstanding amount within six months from the date of judgment which runs up to March 2019.

#### ***2.4.3. Search/seizure and Detention***

In the course of undertaking its investigative function, the ACC often need to use coercive powers of searching and seizing vital evidence and information and arresting and detaining suspects for interrogation, preventing destruction and/or fabrication of evidence/potential witnesses and risk of flight. These coercive investigative powers are exercised within the due process of law. These are also ensured through internal check and balance mechanisms and reporting protocols as provided in the relevant operation manuals, which have been developed in line with the Constitution, the Civil and Criminal Procedure Code of Bhutan and ACAB 2011. This operations are always preceded by the Court Orders obtained based on probable cause.

In 2018, the ACC executed 13 search and seizure operations and detained five suspects during the investigation processes.

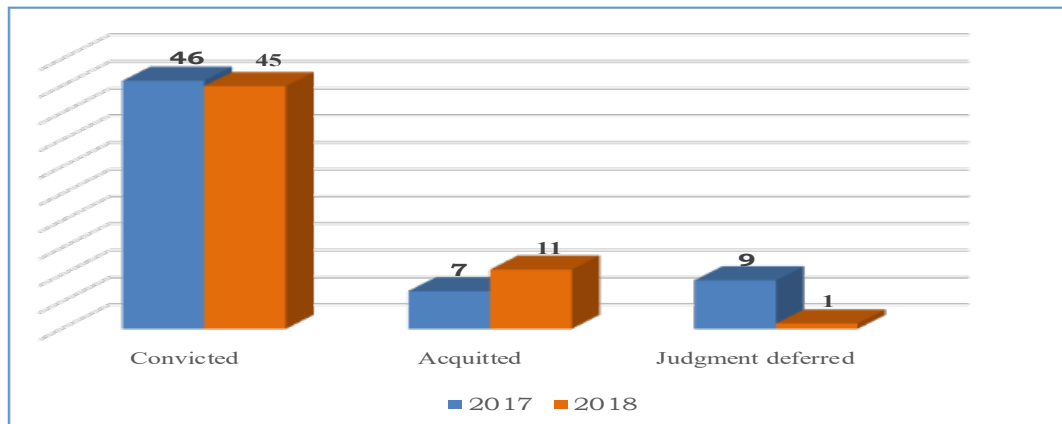
#### ***2.4.4. Auction of seized property***

Section 103 and 107 of the ACAB 2011 empowers the ACC to seize movable and immovable properties during the course of investigation. Further, section 103 (6) of ACAB 2011 and the guideline on seized property and evidence management requires the ACC to sell properties through auction that are liable to speedy decay or deterioration, or which cannot be maintained without difficulty or which are not practicable to be maintained. After deducting the costs and expenses of maintenance and sale of property, the ACC holds the proceeds of sale.

In the reporting year, the ACC in collaboration with the Auction Committee comprising of representatives from the RBP, OAG, Department of National Properties and Road Safety and Transport Authority auctioned 12 lots of seized properties. A total of 44 bidders participated in the auction and 10 lots were successfully auctioned accruing Nu. 7.86 million. The amount was deposited into the Escrow Account maintained by the ACC. The remaining two lots were deferred to be auctioned in 2019.

#### 2.4.5. Prosecution outcome

During the reporting period, judgment on 46 cases were rendered including 34 on fronting cases as shown in **Annex IV**. A total of 57 defendants were charged for corruption and other criminal offenses out of which 45 individuals were convicted with sentences ranging from one month to 41 years imprisonment term, 11 were acquitted and one deferred as shown in **Figure 2.19**. The conviction rate for the year stands at 80.4% (excluding the one deferred judgment) and the total monetary restitution ordered by the Court was Nu. 186.93 million.



**Figure 2.19:** Prosecution outcome 2017 vs 2018

As of 31 December 2018, of the 46 cases adjudicated, 22 cases were under appeal.

#### 2.4.6. Restitutions

Enforcement of judgment is critical to ensure justice and create deterrence. More so, restitution or recovery of proceeds of corruption deprives corrupt individuals to benefit from illicit gains. It has always been the ACC's desired policy direction to make corruption a '*high-cost low-reward affair*' for offenders in order to discourage from engaging in corruption.

In the reporting year, a total Nu. 186.93 million was ordered for restitution by various courts increasing the total restitution from 2006 – 2018 to Nu. 377.44 million and 81.92 acres of State land (excluding other physical properties).

A total of Nu. 28.96 million (including Nu. 15.62 million related to judgments rendered in 2018) and 15 decimal land were restituted to the State in 2018.



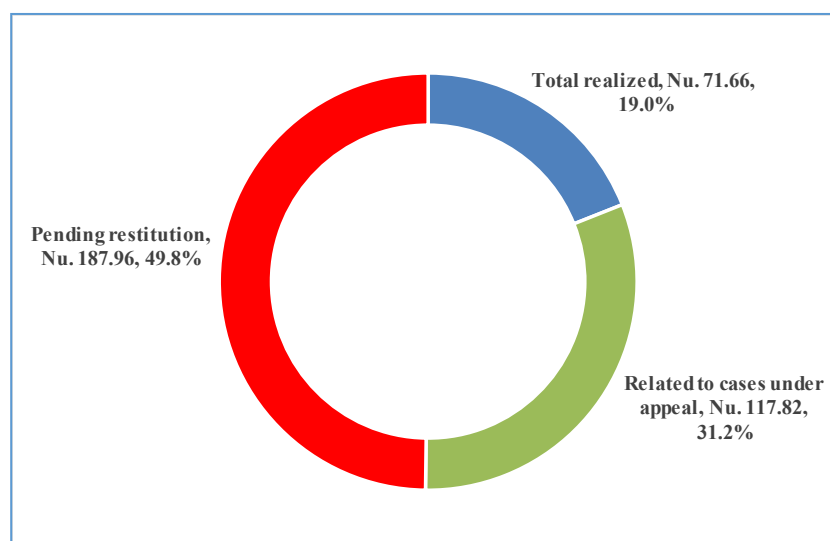
The total restitution pending as of December 2018 was Nu. 187.96 million and 13 decimal land, excluding Nu. 117.82 million related to 25 cases under appeal in various courts as depicted in **Table 2.15**, **Figure 2.20** and **Annex V**.

Summary of the total restitution ordered, executed and pending as of December 2018 is provided in **Table 2.15** below:

**Table 2.15:** Summary and status of restitution (in Nu. & million)

Judgment Year	Restitution Ordered	Restituted			Cases under Appeal	Restitution Pending
		In 2017 & before	2018	Total		
2006 – 2017	190.51	41.54	13.34	56.04	37.27	97.20
		1.16*				
2018	186.93	-	15.62	15.62	80.54	90.76
<b>Total</b>	<b>377.44</b>	<b>42.70</b>	<b>28.96</b>	<b>71.66</b>	<b>117.82</b>	<b>187.96</b>

\* Reported as pending in the Annual Report 2017 but confirmed as already restituted prior to 2017. Excludes land and other physical properties.



**Figure 2.20:** Status of restitution

Restitutions pertaining to Gyelpozhing land allotment case is yet to be completed in totality in 2019 and has been excluded from the above for now.

Of the total Nu. 377.44 million ordered for restitution so far, Nu. 174.30 million alone pertained to 37 fronting cases adjudicated by the Trial Court, Phuentsholing in 2017 & 2018 as shown in **Table 2.16**:

**Table 2.16:** Detailed restitution ordered on fronting cases

Sl. No	Particulars	Amount (Nu. in Million)
1	Confiscation of Commissions received	10.01
2	Fine imposed for illegal leasing of license	0.56
3	Confiscation of auction proceeds, bank balance and cash seized during investigation	56.02
4	Restitution pertaining to tax evasion and illegal INR repatriation	107.71
<b>TOTAL</b>		<b>174.30</b>
5	Appealed to higher court (19 cases)	72.59

Against the total restitution ordered, a total of Nu. 14.53 million was restituted in 2017 and 2018.

#### 2.4.7. Case Highlights

##### ***Case # 1: Bribery, fraudulent practices and tax evasion in the construction of Gelephu domestic airport***

This case pertains to bribery and collusion between an engineer of the Department of Civil Aviation (DCA), MoIC and a contractor in relation to the construction of Gelephu Domestic Airport in 2011 – 2012. The case was referred by the RAA. Besides, the ACC had received a complaint alleging the existence of bribery of public official by the contractor in exchange for manipulating the contract documents to win the contract.

The ACC's investigation revealed that sometime in December 2011, the government engineer certified payment of a forged invoice for purchase of concertina wire at an inflated rate of Rs. 200.00 per meter. Investigation established that the contractor, in reality, had bought the materials at Rs. 5.95 per meter. The forged invoice was



certified with the intent to advantage the contractor in obtaining exorbitant secured advance amounting to Nu. 6.63 million, which if claimed genuinely would have been Nu. 0.19 million. Evidence suggests that the government engineer, at the time of certifying the bills, knew from where the contractor had purchased the wires.

Investigation found that the government engineer had been bribed by the contractor. Further, the investigation revealed that the engineer had purchased a second-hand Hyundai SUV and a plot of land. During the investigation, the government engineer and his relatives gave misleading statements and failed to provide proper account of the source of finance of these assets.

The investigation also revealed that the construction firm had wilfully evaded Corporate Income Tax through manipulation of certain expenses during the tax filing for the year 2012. The Company fabricated series of muster roll sheets and falsely claimed Nu. 41.30 million as tax deductible expenses. In addition to the fictitious muster roll expense, another Nu.15.96 million was charged in the final income statement on account of iron and steel without any supporting documents. These fictitious expenses reduced the taxable income and adversely affected the national revenue. Altogether, the Contractor is liable for restitution of Nu. 42.77 million to the State including fines and penalties.

The ACC forwarded the case to the OAG for prosecution on 29 June 2018.

***Case # 2: Fraud and embezzlement involving former Accountant in Dungkhag Administration, Phuentsholing***

Sometime in February 2018, the ACC was informed by the RAA of misuse of government funds amounting to Nu. 6.58 million by a former Accountant of the Dungkhag Administration, Phuentsholing.

The ACC investigated the case and discovered that he had embezzled government funds amounting to Nu. 8.82 million through fraudulent and deceptive practices.

The modus operandi adopted by the former Accountant included double, excess and inadmissible booking of pay and allowances and other service entitlements, irregular



adjustments of personal advances, creating ghost employees, processing payments in the name of employees either transferred or retired from the service, operation of two savings accounts for crediting his salary and inflating cheque amounts to cover for the shortfall against employees (mostly Teachers) under the Dungkhag Administration. In

doing so, he had also forged and engaged in tampering of accounting records and official documents. The former Accountant is liable to restitute Nu. 4.58 million to the State (after excluding Nu. 4.25 million already recovered by the RAA).

The investigation also revealed that an Accountant of Dzongkhag Administration, Wangduephodrang had misappropriated government funds amounting to Nu. 0.22 million from the pay and allowance fund transferred for two teachers transferred from Phuentsholing Dungkhag to Wangduephodrang Dzongkhag. The amount misappropriated has been deposited in the Audit Recoveries Account.

The investigation, besides detecting instances of corrupt practices, also revealed significant financial management loopholes in both operational and systemic process namely end-to-end role, PEMs and HR functions not being integrated, absence of standard procedure of fund transfers, no system validation process and an apparent lack of supervision and timely monitoring due to lack of basic accounting knowledge. While the findings of corrupt nature have been forwarded to the OAG for prosecution on 28 December 2018, the systemic and management issues have been shared with the Department of Public Accounts, Ministry of Finance, through formal presentation and official correspondence.

### ***Case # 3: Tax fraud in Export and Import business***

This case is an offshoot of the ACC's investigation into suspected misuse of public fund.

This is an investigation into an export and import business firm engaged in exporting Cordyceps (parasitic fungus) to certain foreign customers in Southeast Asia. From 2009 till 2017, the business firm officially reported taxable income of Nu. 88.82 million to the tax authority and paid Nu. 1.13 million as business income tax. The investigation however discovered that the business firm's actual earning was far more than what it declared to the tax authority. The investigation established fraudulently concealed export income of at least Nu. 70.99 million and correspondingly evaded tax of Nu. 21.29 million from 2009 to 2017. The business firm falsified and significantly undervalued its export invoices and in many instances even directed its foreign customers to wire transfer the money to personal bank accounts. The investigation concluded that the fraud was wilfully committed to abate its statutory obligation to pay genuine tax and deprive the State of its lawful dues.



The ACC determined that the invocation of relevant provisions of the Income Tax Act of Bhutan 2001, the business firm is liable to restitute Nu. 85.21 million including the evasion penalties and overdue interest calculated as of 30 June 2018. The ACC, having considered the merit of the evidence as well as the existence of public interest element, forwarded the case to OAG for prosecution on 31 December 2018.

***Case # 4: Bid rigging and favoritism in tendering of water discharge system by National Centre for Hydrology and Meteorology***

This case concerns the investigation of allegation surrounding rejection of the lowest quoted bidder and tailoring of technical specifications of the hydro-met equipment in order to favor certain business firm. The tender was for ‘Supply, Installation, Testing and Commissioning of Automatic River Discharge Measurement System at Chazam, Trashigang; and Supply of Bridge Operated Mobile Discharge System’. A total of four bidders participated in the open competitive bidding process.



It was learnt that the bid evaluation committee of the National Centre for Hydrology and Meteorology (NCHM) spearheaded by the Project Engineer evaluated the tender documents based on the quoted price of the bidders and ranked the lowest bidder that quoted Nu. 6.01 million. However, citing arithmetical error in the price of certain line item of the lowest bidder, NCHM invoked a

specific clause in the Standard Bidding Documents (SBD) and asked the bidder to accept the revised contract price of Nu. 13.83 million. Despite the bidder’s written clarification, the NCHM considered its bid as ‘non-responsive’ and awarded the tender to the next lowest bidder at Nu. 6.45 million.

The ACC’s investigation found that the winning bidder had engaged in a bid rigging scheme by submitting two other bids belonging to her relatives. In doing so, the winning bidder had circumvented and undermined competitive process and defraud the government. Investigation also found that the Project Engineer had unduly favoured the winning bidder by sharing the technical specification and price information of certain equipment, which the Project Engineer acquired from an Indian dealer prior to the announcement of the tender. Such favourable treatment was provided by the Project Engineer because the Project Engineer had taken a loan of Nu. 0.09 million from the winning bidder. Further, the winning bidder was found to have hired the vehicle belonging to the Project Engineer’s family member for its past projects.

The ACC forwarded the case to OAG for prosecution on 6 March 2018.



## 2.5. International Standing

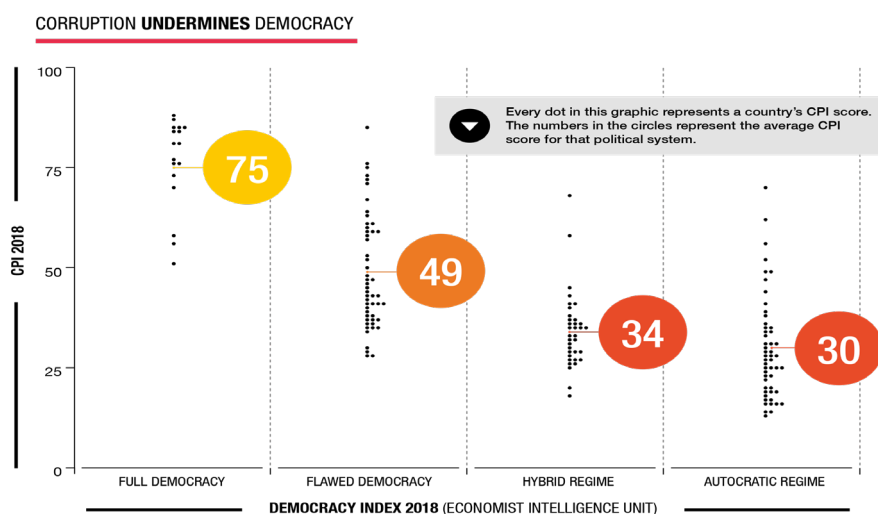
### 2.5.1. Transparency International – Corruption Perceptions Index (TI-CPI)

Bhutan has improved its TI-CPI ranking to 25<sup>th</sup> out of 180 countries/territories with the score of 68 in 2018. In the Asia Pacific region, Bhutan retained the sixth position and as the cleanest country in the SAARC region.

In comparison to the TI-CPI 2017, Bhutan has stepped up by a rank and a score. TI-CPI is an important measurement yardstick for Bhutan as it reveals Bhutan's standing at the international arena. This complements the national level assessment to measure the control of corruption in the country as indicated by the score of 7.95 (out of 10) in the NIA 2016.

Bhutan's score of 68, on a scale of 0 (perceived to be highly corrupt) to 100 (very clean/least corrupt), is significantly higher than the global average score of 43 and the average score of 44 of the Asia Pacific region. The score is also much above the average score of EU and G20 countries. The consistent improvement in the score and the rank since 2012 indicates that the efforts to control corruption in the country is well on track. By the end of the 12<sup>th</sup> FYP, Bhutan targets to increase the CPI score to at least 69.

CPI global analysis for 2018 draws a relation between having a healthy democracy and successfully fighting public sector corruption. It revealed that the continued failure of most countries to significantly control corruption is contributing to unsuccessful political, economic and governance transformation around the world. While no country earned a perfect score on the CPI, countries with higher scores are found to protect and nurture democratic rights and values as depicted in **Figure 2.21**. For Bhutan, there is an increase of score in Varieties of Democracy Project, one of the four data sources used to measure CPI (73-2018; 67-2017), supporting that democracy as an institution has taken good root with established check and balance with public agencies as oversight.



**Figure 2.21** Corruption Perceptions Index vs Democracy Index (Source: TI-CPI 2018)

To help stop corruption and strengthen democracy around the world, TI calls for all governments to:

- Strengthen institutions and preserve checks & balances;
- Close the implementation gap between anti-corruption legislation, practice and enforcement;
- Support civil society organizations in order to enhance political engagement and public oversight over government spending, particularly at the local level; and
- Support press freedom and ensure the safety of journalists and their ability to work without intimidation or harassment.

Bhutan has been making steady progress. The progress made thus far is because of the constant guidance from His Majesty the King and unwavering political will of government and leaders to promote systems of integrity.

Nonetheless, with its graduation from Lower Developed Country to Lower Middle-Income Country status by 2023, Bhutan will become more vulnerable to more complex forms of corruption. Therefore, it is critical for government and stakeholders to enhance and sustain the effort in promoting systems of integrity and strengthening governance machinery. Under the aegis of the 12<sup>th</sup> FYP, ‘*Corruption Reduced*’ being maintained as a NKRA, anti-corruption and integrity measures will be intensified with enhanced integration with the sectoral plans/programs and collaboration between the agencies.

## SECTION 3: THE RESOLUTIONS OF PARLIAMENT

This section presents the resolutions passed by Parliament pertaining to the ACC and its implementation status.

### 3.1. Resolutions of the 11<sup>th</sup> Session of the Second Parliament- National Assembly on 25 June 2018

01

***The Anti-Corruption Commission should review its criteria for examining complaints from time to time and include in the Annual Reports.***

The ACC has been making conscious effort to be relevant and effective in discharging its mandate by updating and revising its policies, standards and procedures regularly. Similarly, the criteria for examining complaints in the Complaints Management Policy and Procedures has undergone several rounds of revision since its adoption. The latest comprehensive revision was done in September, 2016.

02

***The ACC should include in the Annual Reports the outcomes of the ACC's audits carried out by the RAA and report significant cases.***

The RAA conducted audit of the ACC's LC account for the FY 2016 - 2017 in the reporting year and the details are mentioned in Section 1.3.3 of this report.

03

***The ACC, RBP and OAG should have a regular system of meetings instead of leaving it on an occasional basis.***

The tripartite meeting between the ACC, OAG and RBP has been institutionalized to be held twice in a year (biannually). Further, bilateral meetings are conducted on need basis as reported in the previous annual report.

04

***The ACC should include in its Annual Reports a chapter on the compliance with the Action Taken Reports, agency-wise.***

Details on compliance to the Action Taken Reports are covered in Section 2.3.11 of this report.

05

***The ACC must include in its Report the values analyzed for the key performance indicators such as turn-around time at the level of different institutions involved for cases.***

The average number of days taken to investigate a case by the ACC was 102.6 working days in 2018. This progress supports the ACC's target to reduce investigation time to 90 working days by the end of the 12<sup>th</sup> FYP from the baseline of 120 working days in the 11<sup>th</sup> FYP. While the determination of TAT for other institutions involved in the case is beyond the scope of the ACC, following performance indicators have been identified in the 12<sup>th</sup> FYP:

- Under NKRA 12 '*Corruption Reduced*' – the OAG to reduce TAT for reviewing and registering corruption cases in the Court to less than six months and reduce TAT to implement Court judgments on corruption cases from the date of the Court rendering the final judgments to three/four months.
- Under NKRA 16 '*Justice Service and Institutions Strengthened*' – the OAG to reduce TAT to complete prosecution of the ACC's cases within six months and RBP's cases in seven days and the Royal Court of Justice to increase proportion of cases decided against the total cases registered to 95 percent.

06

***The ACC should abide by the past resolution of the National Assembly with regard to the ombudsman's function to start with.***

The Resolution was a continued response to the ACC's recommendation in Section 4.1 of the Annual Report 2016 to establish an Office of the Ombudsman. Thereafter the recommendation to have an independent office to deal with administrative nature of complaints were discussed in the 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> Sessions of the National Assembly which resolved the following:

- The 9<sup>th</sup> Session resolved that "*the ACC and GGC to carry out the feasibility studies for the establishment of an Ombudsman's office*"; and
- The 10<sup>th</sup> Session resolved that "*a department or division or a section under the ACC be instituted with additional manpower provided by RCSC and additional budgetary support provided by the Government. After having gained enough experience, the unit could be separated from ACC as an independent office in future*".

The implementation status on the above two resolutions were reported in the Annual Report 2017.

Accordingly, as directed by the 11<sup>th</sup> Session of the National Assembly, the ACC has been working on strengthening and streamlining management of cases that are administrative in nature, as an interim measure until an independent Office of Ombudsman is established in the Country.

As reported in Section 1.4.2 of this report, the ACC fielded a delegation to the ACRC of South Korea and Office of the Ombudsman of Philippines to learn and understand best practices in handling complaints of administrative nature and its adjudication. Based on the learning experiences from the visit, the ACC has been discussing further to strategize instituting a system as against the current system of sharing complaints with agencies concerned. There are two possible options i.e institute a separate division to deal with civil or administrative complaints within the ACC or to institute a system similar to that of sharing complaints with the RCSC, RAA and the NLCS. These strategies are expected to enhance efficiency and effectiveness of the ACC as well as reduce challenges faced by the agencies concerned to investigate such referrals without the required capacities.

07

***The ACC should develop Human Resource Development project proposals for donor-financing and the Ministry of Finance to secure funding from donors.***

The ACC has submitted HRD budget proposal for the entire 12<sup>th</sup> FYP to the RCSC, as reported in Section 1.3.2 of this report. Further, the proposals submitted by the ACC to different donors (UNDP, UNODC's Regional Office and Siemens) simultaneously, reported in Section 1.2 of this report, included HRD proposals. However, a separate proposal on the ACC's HRD needs to seek support of development partners was not initiated as donors are not receptive to standalone HRD project proposals.

08

***The Commission should educate the Members of Parliament of third Parliament on exercising of Integrity.***

The ACC engaged the Members of the Parliament related to functions of the ACC and garnering support to drive the mandate of fighting corruption, during the Induction Program conducted for the Members by the National Assembly on 16 November 2018. The session discussed the importance of enhancing the culture of integrity and anti-corruption measures in the overall governance system. The session was attended by Hon'ble Speaker and about 27 Members of the National Assembly. Further, a session on 'Ethics, Integrity and Professionalism in the Public Service' is being planned to be conducted for the Parliamentarians as part of the Leadership Program at RIGSS in 2019.

09

***The main reasons behind corruption were "abuse of functions" and favoritism in the Country. Thus, ACC should prioritize in the development of good Leadership in both Government and Private sectors.***

Towards enhancing transparency, accountability and integrity, it is imperative that



leaders champion integrity and anti-corruption efforts as they play pivotal role in determining the level of integrity and quality of service delivery in the agencies. Hence, to build ethical competence of leaders, the ACC:

- Conducts a session on ‘Ethics, Integrity and Professionalism in Public Service’ as part of every leadership program being conducted in RIGSS to sensitize and enhance awareness of leaders (present and future), both public and private, on its importance. Since October 2017, eight sessions have been conducted i.e. three in 2017 and five in 2018.
- Initiated developing Modules on Ethical leadership for Executives. The half day training Module, which is expected to be developed by mid-2019, will target to equip the leaders with ethics and integrity management skills required for preventing corruption at all levels, including resolving ethical dilemmas. Having a defined Module will facilitate the ACC to cover all the Executives of public and private agencies (including CSOs) and ensure enhancement of their capacities.
- To facilitate agencies in recruiting and promoting individuals with clean track record to higher positions, the ACC facilitates “Integrity Checks” by providing information on complaints and cases against the individuals requested by the agencies. Such Checks are performed upon request of the RCSC for appointment in leadership positions, appointment of Holders, Members and Commissioners in Constitutional Offices, recruitment in RAA, etc. The ACC also conducts such Integrity Checks for recruiting its staff.
- The ACC is working on developing an integrity vetting system as reported in Section 1.2 of this report. It will be an integrity promotion tool to ensure clean system and healthy competition in the public and private sectors by providing necessary information to agencies for various purposes such as employment/recruitment, promotion/appointment, contract and election. Checking individual’s compliance to integrity and ethics will help to promote appointment of ethical leaders, among others.
- Introducing a module on ‘leadership index’ from the next NIA (NIA 2019) as part of the Internal Integrity Component as reported in Section 2.2.5 of this report.

10

***ACC should amend and change the rules and regulations.***

Until 2010, the ACC functioned in accordance with ACAB 2006 but the Act for reasons of application and legal complexity was not effective enough in promoting anti-corruption and deterring corruption. Recognizing the need for a more firm and

strong legislative framework that prevent and check corruption in the administration and the society, the National Assembly and National Council passed resolutions in 2009, to consolidate and strengthen anti-corruption legislative framework.

Accordingly, the amendment of ACA 2006 was initiated towards the end of 2009. Consecutively, as a signatory to UNCAC (signed the Convention on 15 September 2005) Bhutan conducted gap analysis of Bhutanese legislation vis-à-vis UNCAC in 2010. The gap analysis was conducted with the primary aim to align Bhutan's anti-corruption laws with UNCAC by incorporating the findings and recommendations to fulfill Bhutan's obligation to comply with UNCAC requirement.

Accordingly, ACAB 2006 was updated and ACAB 2011 came into effect on 5 July 2011. Consequently, on ratification of UNCAC by Parliament, Bhutan deposited the instrument of ratification with UN Secretary General on 21 September 2016.

UNCAC is the only legally binding universal anti-corruption instrument and Bhutan as a Member State, is required to comply with this international law. ACAB 2011 is in compliance with UNCAC and commended by the international anti-corruption consortium. Its compliance has been further confirmed by the recent review of Bhutan's compliance on *Chapter III: Criminalization and IV: International Cooperation*, of UNCAC, conducted by Tajikistan and Cooks Island.

The ACC believes that there is no legal ambiguity or complexity to entail amendment of ACAB 2011 for now.

### 3.2. Resolutions of the 21<sup>st</sup> Session of the National Council

01

***The ACC to reflect in its future Annual Reports, the following additional information with regard to the complaints received:***

- ***Incidences of actual corruption cases from among the total complaints received, and disaggregate such information by each agency/ Dzongkhag; and***
- ***The number of establishments under each category of agency (for example, 10 ministries under central government, and 205 gewogs under local government) to be taken into consideration while comparing the number of complaints received against various agencies.***

This has been incorporated in Section 2.3 of this report.

## SECTION 4: CHALLENGES AND RECOMMENDATIONS

### ***4.1. Human Resource Management and Development***

The ACC, since its inception in 2006, has suffered from chronic under-staffing because of difficulties in recruiting professionals with appropriate skills firstly and then retaining the existing ones. The problem is compounded by lack of HRD budget for long-term studies in the recent years. The combination of capacity and resource constraints is not only undermining the work of the ACC but also the credibility of the Government's anti-corruption efforts.

#### ***4.1.1. Staffing and motivation***

The financial and social benefits given to the ACC staff are not commensurate with the nature of the ACC's work. Work fatigue from physical and mental stress, exposure to risks/uncertainties from having to deal with affected parties/individuals, having to face verbal/physical threat and allegations, risks of being marginalized, etc. are some of the reasons that demotivates/discourages people to work/continue working in the ACC.

As mentioned in the past annual reports and Section 1 of this report, various strategies have been adopted over the years to address the HR challenges in the ACC. However, the current financial incentives are not adequate to attract and retain professionals in the ACC. Therefore, strategic consideration needs to be made to address the issue.

#### ***4.1.2. Capacity Development or human resource development***

The ACC promotes itself as a learning organization. And one of the staff motivation factors in the ACC is the steep learning curve. The ACC's nature of work requires dealing with all areas of governance, and the opportunity that comes with it for HR development. In the initial years, the ACC had no issues with the HRD programs because of the generous support of the development partners, in particular, Swiss Agency for Development and Cooperation (SDC). However, in recent years, with the withdrawal of donor supports, the ACC is fully dependent on RGoB for its HRD budget.

Following the directives of the 7<sup>th</sup> and 11<sup>th</sup> Sessions of the Second Parliament, the RGoB has stepped up to fund short-term mandatory trainings of the new recruits. However, since the RGoB in general does not support long term studies, opportunity for the ACC professionals to avail masters program in specialized anti-corruption studies has been non-existent since 2015. This is directly affecting the attraction and retention of professionals in the ACC.

As presented in Section 1.3.2 of this report and elaborately highlighted in the Annual Report 2017 (recommendation under Section 4), securing adequate financial resources to fund specialized HRD programs has become critical for the ACC to sustain the anti-corruption efforts in the 12<sup>th</sup> FYP and beyond.

#### ***4.2. Collective efforts to achieve the national goal ‘corruption reduced’ in the 12<sup>th</sup> FYP***

Promoting integrity and anti-corruption measures as an integral part of the governance system is one of the important strategies of the ACC. It requires the conviction of the agencies to take it on board to curb corruption and foster accountability.

In the 11<sup>th</sup> FYP, modest breakthrough was made to mainstream integrity and anti-corruption measures in most of the government agencies, driven by a target to contribute to the national objective of reducing corruption. The measures were introduced and implemented as a mandatory requirement of APA of the GPMS under the supervision of the Hon’ble Prime Minister. If not for the GPMS, mainstreaming in the APA signatories (20 Dzongkhags, 10 Ministries and about 12 autonomous agencies) would not have been possible. In the last five years, while more than 50 percent of the civil servants were sensitized on the integrity and anti-corruption tools, the coverage is limited since the mandatory indicators were confined to APA signatories only. Nonetheless, these agencies must now, as the next step, target to institutionalize and carry forward the important agenda of promoting integrity and anti-corruption measures without the intervention of the ACC or any other regulatory agencies.

The NIA 2016 revealed that corruption in the form of favoritism and nepotism are prevalent in public service delivery. This corroborates with the significant number of complaints received by the ACC on abuse of functions, as presented in Section 2.3 of this report. Abuse of function is the highest type of alleged corruption offenses constituting more than 50 percent and over the last five years the trend in the percentage has been increasing annually. Further, majority of the complaints that qualified for investigation pertained to abuse of function (48.6%). While ethical leadership is considered as a critical precondition to enhance transparency, accountability and integrity in the agencies, the trend of complaints and researches in anti-corruption field highlights a contrasting dimension. Hence this trend of complaints indicates the need for ‘integrity’ in leadership to foster transparency and accountability and minimize discretionary power and associated corruption risks.

The decentralization process in the country is expected to aggravate the corruption vulnerabilities with more authority and resources for the LG functionaries. Even generally, complaints received by the ACC against LG is substantial as shown in Section 2.3 of this report and its past annual reports. Therefore, along with strengthening governance systems and building capacity of the LG, there is the need to educate general public for increased participation in the democratic governance.

The quality of complaints that the ACC receives also indicate the need to strengthen systems at all levels and across all public and private agencies. About 53.6% of the total complaints received by the ACC in 2018 was shared with agencies either for administrative inquiry (42.4%) or sensitization (11.2%) as those complaints were administrative in nature and not corruption per se.

NKRA on '*Corruption Reduced*' has been further retained in the 12<sup>th</sup> FYP as one of the mandatory NKRA's, providing greater opportunity for all to reinforce the current anti-corruption momentum and take greater ownership. It is a critical development imperative and not an additional responsibility. As the country prepares to graduate from the Least Development Country status by 2023, 12<sup>th</sup> FYP is strategically a critical point for Bhutan to continue the progressive trend in furthering socio-economic and political development that is underpinned with strong culture of integrity. The aspiration of the nation to "reduce corruption" must be translated into concrete result driven actions. Towards this, the following are recommended:

- Similar to the 11<sup>th</sup> FYP, the indicators for the 12<sup>th</sup> NKRA '*Corruption Reduced*' of the 12<sup>th</sup> FYP be made mandatory in all the APA and APT agencies. Every agency must have OIP for effective mainstreaming of anti-corruption agenda;
- Enhance ethical competence of leaders to create enabling environment for promoting ethics, integrity and professionalism; and
- Enhance greater transparency and accountability mechanisms in the LG to safeguard from corruption vulnerabilities and capacitate LG functionaries with relevant skills/knowledge.



## CONCLUSION

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The year 2018 saw Bhutan successfully completing a decade of democracy with the third parliamentary elections held in the country. The TI-CPI 2018 analysis shows a disturbing link between corruption and the health of democracies, where countries with higher rates of corruption also have weaker democratic institutions and political rights. It reveals that the continued failure of most countries to significantly control corruption is contributing to a crisis in democracy around the world. However, for Bhutan, the country has made significant inroads against corruption. Yet again, Bhutan has improved its ranking (from 26<sup>th</sup> to 25<sup>th</sup>) and score (from 67 to 68) in the TI-CPI 2018. This trend should give us cause for cheer! The democratic foundations laid by our visionary monarchs have not allowed stifling of anti-corruption efforts in the country. Our leaders have brought political will and visibility of the anti-corruption agenda. It's the choices that our country and leaders have made.

Having said that, public as well as the political parties themselves have voiced concerns on the influence of money in politics. This is a serious cause for concern because money in politics will fundamentally erode and eat away at the heart of our relatively young democracy. It may create a pervasive culture of corruption that could result in a governance which systematically favors the rich over the poor and the well-connected over the disconnected. Corruption may seep into the fabric of our government, making policy decisions to favor the privileged few rather than the public good thereby creating a legacy of patronage. And, over time, corruption will erode people's faith and confidence in our government and public institutions. Populist pledges/policies of the political parties are another concern which will undermine democracy. It will exacerbate rather than cure corruption. These are the real dangers of our democracy which needs to be treated as a national priority. We must not let it develop like a cancer, become commonplace and ingrained in our politics. Politics determine the kind of society we wish to have, and it will be politics that will help us make a happy, harmonious and corruption free society. Therefore, it is critical that politics work in Bhutan free from corruption.

That requires leadership – ethical leadership. It requires the commitment of all members of society. It requires vigilant and vocal citizens, and media. Public institutions and leaders must be strong enough to implement laws effectively, aggressively, and impartially. Rule of law must reign, not impunity. Leaders must lead by example, set the example of integrity by their personal behavior. We have now embarked on the 12<sup>th</sup> FYP. The resources placed in our trust must be used for their intended purposes and not lost to corruption. The analysis of complaints received in the reporting year reveals that abuse of functions in the area of resources is the predominant form of reported corruption. Local governments are particularly vulnerable. That is why ethical leadership is so important, and therefore, one of

the implementation strategies of ‘*Corruption Reduced*’ NKRA is to build ethical competence of public officials, in particular the leaders for sustained political will and exemplary leadership in the fight against corruption.

In the final analysis, we recognize that a vibrant and robust democracy is a precondition to tackle corruption. That requires collective actions. Therefore, we must come together stronger to confront corruption – change the ground rules, if we have to, and force a culture change. The subject of corruption must continue to receive our sustained attention no matter what political situations come up.

During the public consultation on the draft Constitution of the Kingdom of Bhutan in Gasa (2005), Their Majesties cautioned:



*...One of the causes for downfall of the Government and unrest of the people is the practice of corruption. Corruption is like a dreadful disease and if it takes root in the country it is very difficult to cure it. The problem of corruption is not only in our country but it is also faced by our neighboring countries and the world. It is very important to prevent such practices from its inception. The responsibility to stop corruption lies not only with one individual but all the citizens of the country. If it creeps in once then it is difficult to erase it. In our country if we fail to stop corruption, then it is the one, which will cause all problems. Firstly, we must identify the corrupt person and then must be given corresponding punishment without mercy. Being a religious country we tend to show mercy and compassion. They are the ones who will cause problems to our country. If we can comply with the laws I am sure we can stop corruption. You must not leave this responsibility of eradicating corruption only to His Majesty or the Anti-Corruption Commission or the Royal Audit Authority and the civil servants, but it falls equally to all the individuals of a country. We must make corruption free country so that we do not repent in future.”*

Take a pledge today to have zero tolerance for corruption so that we as individuals demonstrate our commitment to strengthening the rule of law and the fight against corruption in the country.

**Say No to Corruption!**

## ANNEX I: Cases forwarded to the OAG in 2018 for prosecution

SN	Case Title	Referral Date
1	Embezzlement of Visa Fees at Immigration Office, Paro International Airport	20/02/2018
2	Bid rigging and favoritism in tendering process, NCHM	06/03/2018
3	Embezzlement of fund at BDBL Branch, Pemagatshel	06/03/2018
4	Fraud and collusion in the construction of Gelephu Domestic Airport	29/06/2018
5	Embezzlement of fund in Phuntshothang Gewog, Samdrupcholing Dungkhag, Samdrup Jongkhar	03/07/2018
6	Forgery in the construction of park range office at Neptankha, Toewang Gewog, Punakha	09/07/2018
7	False claim by an ACC official	13/07/2018
8	Collusion between T&K construction and SPBD, MoE	23/08/2018
9	Misuse of rural timber permit by former Gup of Guma Gewog, Punakha	30/08/2018
10	Encroachment of Government land at Olakha, Thimphu	18/09/2018
11	Encroachment of Government land at Hejo, Thimphu	04/10/2018
12	Embezzlement of fund at Druk PNBL	16/10/2018
13	Illegal registration of Government land at Wangsisina, Thimphu	07/11/2018
14	Fraud and corrupt practices involving official from Department of Livestock, MoAF	27/12/2018
15	Embezzlement of fund at Phuentsholing Dungkhag Administration	28/12/2018
16	Encroachment of Government land at Pangchang Khorloi Tag Kasha Lungpa, Thimphu	28/12/2018
17	Corruption in tendering under Overseas Employment Program implemented by MoLHR	28/12/2018
18	Tax fraud in export and import business between 2009 to 2017	31/12/2018

**ANNEX II: Cases under review by the OAG as of December 2018**

SN	Case Title	Referral Date
1	Thimphu land case- Illegal registration of Government Land at Debsi, Thimphu	06/06/2017
2	Embezzlement of ATM cash, Druk PNBL, Thimphu	09/10/2017
3	Embezzlement in M/S International Treks and Tours Pvt. Ltd (ITT), Paro	09/10/2017
4	Fraudulent purchase of land by Penden Cement Authority Ltd at Gelephu	07/11/2017
5	Embezzlement in DoFPS, MoFA	01/12/2017
6	Corrupt practices in financial transactions between RICBL and Nubri Capital	29/12/2017
7	Bid rigging and favoritism in tendering process, NCHM	06/03/2018
8	Fraud and collusion in the construction of Gelephu Domestic Airport	29/06/2018
9	Embezzlement of fund in Phuntshothang Gewog, Samdrupcholing Dungkhag, Samdrup Jongkhar	03/07/2018
10	Forgery in the construction of park range office at Neptankha, Toewang Gewog, Punakha	09/07/2018
11	Collusion between T&K construction and SPBD, MoE	23/08/2018
12	Misuse of rural timber permit by former Gup of Guma Gewog, Punakha	30/08/2018
13	Encroachment of Government land at Olakha, Thimphu	18/09/2018
14	Encroachment of Government land at Hejo, Thimphu	04/10/2018
15	Embezzlement of fund at Druk PNBL	16/10/2018
16	Illegal registration of Government land at Wangsisina, Thimphu	07/11/2018
17	Fraud and corrupt practices involving official from Department of Livestock, MoAF	27/12/2018
18	Embezzlement of fund at Phuentsholing Dungkhag Administration	28/12/2018
19	Encroachment of Government land at Pangchang Khorloi Tag Kasha Lungpa, Thimphu	28/12/2018
20	Corruption in tendering under Overseas Employment Program implemented by MoLHR	28/12/2018
21	Tax fraud in export and import business between 2009 to 2017	31/12/2018

## ANNEX III: Cases with Courts as of December 2018

SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
1	Repatriation of Indian Currency, DPNBL, Thimphu	26/03/2014	17/04/2014	District Court, Thimphu	04/10/2018	High Court	One defendant appealed
2	Embezzlement in MoC	11/04/2014	21/11/2014	District Court, Thimphu	16/11/2018	High Court	Larger Bench
3	Bribery & Tax evasion, Phuentsholing (JPLP)	08/08/2015	04/09/2015	Dungkhag Court, Phuentsholing	31/07/2017	High Court	
4	Misuse of powers and government fund by Gelephu Drungpa	09/03/2015	20/11/2015	District Court, Sarpang	30/7/2018	High Court	Two defendants appealed
5	Bribery & Tax evasion, Phuentsholing (Tee Dee Enterprise, Sonam Beer Agency & Yeshey Cement Agent)	12/10/2015	21/01/2016	Dungkhag Court, Phuentsholing	18/09/2018	High Court	
6	Financial Irregularities in Royal Bhutan Embassy in Thailand	05/02/2015	26/02/2016	District Court, Thimphu	06/01/2018	High Court	
7	Bribery & Tax evasion, Phuentsholing (Dorji Wangmo T/Khang)	08/08/2015	18/03/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
8	Bribery & Tax evasion, Phuentsholing (Norzang Trading)	08/08/2015	18/03/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
9	Bribery & Tax evasion, Phuentsholing (Rabten Pharmaceutical)	08/08/2015	18/03/2016	Dungkhag Court, Phuentsholing	30/11/2018	High Court	



SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
10	Bribery & Tax evasion, Phuentsholing (D.P T/Khang)	25/08/2015	18/03/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
11	Bribery & Tax evasion, Phuentsholing (T.Phuentsho Enterprise)	25/08/2015	18/03/2016	Dungkhag Court, Phuentsholing	22/10/2018	High Court	
12	Bribery & Tax evasion. Phuentsholing (Brumi Enterprise)	25/08/2015	18/03/2016	Dungkhag Court, Phuentsholing	16/05/2018	District Court, Chukha	
13	Bribery & Tax evasion, Phuentsholing (Chotaylal Sha Grocery)	09/10/2015	18/03/2016	Dungkhag Court, Phuentsholing	13/11/2018	High Court	
14	Bribery & Tax evasion, Phuentsholing (Rabten Roadways)	09/10/2015	18/03/2016	Dungkhag Court, Phuentsholing	23/10/2018	High Court	
15	Bribery & Tax evasion, Phuentsholing (Druk Norlha Enterprise)	24/10/2015	18/03/2016	Dungkhag Court, Phuentsholing	12/11/2018	High Court	
16	Bribery & Tax evasion, Phuentsholing (UD Beer Distributor)	13/11/2015	18/03/2016	Dungkhag Court, Phuentsholing			
17	Bribery & Tax evasion, Phuentsholing (Y.P Enterprise & M/s Y.P Winery)	13/11/2015	18/03/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
18	Bribery and tax evasion by Kundrup Enterprise	13/11/2015	18/03/2016	Dungkhag Court, Phuentsholing			
19	Bribery & Tax evasion, Phuentsholing (Yangkhor Enterprise)	18/12/2015	18/03/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
20	Bribery & Tax evasion, Phuentsholing (Lhayang Enterprise)	23/12/2015	18/03/2016	Dungkhag Court, Phuentsholing	27/08/2018	High Court	

SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
21	Bribery & Tax evasion, Phuentsholing (Yeshey Pema Enterprise & Tyres)	23/12/2015	18/03/2016	Dungkhag Court, Phuentsholing	30/10/2018	High Court	
22	Bribery & Tax evasion, Phuentsholing (Yangkhor Auto spare parts)	30/12/2015	18/03/2016	Dungkhag Court, Phuentsholing			
23	Bribery & Tax evasion, Phuentsholing (Tama Beer Agency)	12/01/2016	18/03/2016	Dungkhag Court, Phuentsholing			
24	Bribery & Tax evasion, Phuentsholing (Gyalse Nadin Ventures)	18/12/2015	27/04/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
25	Bribery & Tax evasion, Phuentsholing (Leki Dema)	04/04/2016	29/08/2016	Dungkhag Court, Phuentsholing			Under appeal against judgment error
26	Deception and forgery in Bhutan Postal Corporation	30/12/2015	30/08/2016	District Court, Thimphu			
27	Embezzlement Case at DCCL, Nanglam	04/07/2016	17/10/2016	Dungkhag Court, Nganglam	10/10/2018	High Court	One defendant appealed
28	Fraud and bribery in the illegal repatriation of Indian Rupee, DPNBL, Thimphu	13/10/2015	25/10/2016	District Court, Thimphu			
29	Land substitution fraud at Trongsa involving former Dzongdag	17/7/2015. Returned by OAG on 31/12/2016	15/02/2017	District Court, Trongsa			Prosecution by the ACC
30	ATM fraud, Phuentsholing	22/12/2015	20/03/2017	Dungkhag Court, Phuentsholing			

SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
31	Bribery and illegal regularization of govt. land at Tshalumphey, Thimphu.	26/05/2016	21/03/2017	District Court, Thimphu			
32	Fraudulent registration and encroachment of 1.37 acres of govt. land at Tshalumphey, Thimphu	02/06/2016	22/03/2017	District Court, Thimphu			
33	Fraudulent DSA claim in RMA	23/06/2016	23/03/2017	District Court, Thimphu			
34	Illegal transaction of sale of 50 decimals government land at Babesa in 2000	07/07/2016	24/03/2017	District Court, Thimphu			
35	Embezzlement of fund at FCBL depot, Phuentsholing	02/08/2016	26/03/2017	Dungkhag Court, Phuentsholing			
36	Illegal conversion and substitution of 4.5 acres land at Gangchey, Thimphu	07/09/2016	27/03/2017	District Court, Thimphu			
37	Tax Evasion involving Udee Clearing Agent	19/10/2015	28/03/2017	Dungkhag Court, Phuentsholing	22/10/2018	District Court, Chukha	
38	Tax Evasion involving Sha & Sons	29/12/2016	30/03/2017	Dungkhag Court, Phuentsholing			
39	Bribery & Tax Evasion involving Tashi Enterprise	29/12/2016	31/03/2017	Dungkhag Court, Phuentsholing			Under appeal against judgment error
40	Thimphu Land Case - Fraudulent registration of government land by Gup Naku	29/12/2016	01/04/2017	District Court, Thimphu			
41	Embezzlement of fund at BNBL, Paro	21/10/2016	02/04/2017	District Court, Thimphu			

SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
42	Thimphu land case - Illegal encroachment of government land involving Revenue Clerk	29/12/2016	03/04/2017	District Court, Thimphu			
43	Fraudulent registration and encroachment of 33 decimal government land at Lungtenphu, Thimphu	07/09/2016	04/04/2017	District Court, Thimphu			
44	Encroachment of 132 decimals govt. land at Gangchey and Chang Debsi	06/07/2016	05/04/2017	District Court, Thimphu			
45	Fraud and embezzlement at RICBL Branch Office, Paro	29/04/2016	07/04/2017	District Court, Paro			
46	Illegal registration and encroachment of 106 decimals of govt. land at Serbithang in 2000	16/09/2016	28/04/2017	District Court, Thimphu			
47	Fraud and embezzlement of public fund during 5 <sup>th</sup> & 10 <sup>th</sup> batch De-suung training involving Lt. Col. Rinzin Yeshey & Zepa	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	
48	Fraud and embezzlement of public fund during 6 <sup>th</sup> batch De-suung training involving Major Jurmin	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	
49	Fraud and embezzlement of public fund during 7 <sup>th</sup> & 22 <sup>nd</sup> batch De-suung training involving Major Ugyen Nidup & Pelpon Sangay Drakpa	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	Appealed against one defendant

SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
50	Fraud and embezzlement of public fund during 8 <sup>th</sup> & 10 <sup>th</sup> batch De-suung training involving Major Ugyen Lhendup	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	20/11/2018	High Court	Appealed to Larger Bench of High Court by the defendant
51	Fraud and embezzlement of public fund during 9 <sup>th</sup> batch De-suung training involving Major Sigay Tshewang & Nima Gyeltshen	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	20/08/2018	Supreme Court	
52	Fraud and embezzlement of public fund during 11 <sup>th</sup> & 17 <sup>th</sup> batch De-suung training involving Lt. Col. Karma Tharchen & Peljab Sonam Dendup	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	Appealed against one defendant
53	Fraud and embezzlement of public fund during 12 <sup>th</sup> & 21 <sup>st</sup> batch De-suung training involving Major Sonam Tshering & Pelpon Tangka	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	20/11/2018	High Court	Appealed to Larger Bench of High Court by the defendants
54	Fraud and embezzlement of public fund during 13 <sup>th</sup> batch De-suung training involving Major Sonam Lhagyel & Sonam Dorji	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	
55	Fraud and embezzlement of public fund during 14 <sup>th</sup> & 23 <sup>rd</sup> batch De-suung training involving Major Lingi Jamtsho	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	



SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
56	Fraud and embezzlement of public fund during 15 <sup>th</sup> batch De-suung training involving Tshering Tobgay	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	20/11/2018	High Court	Appealed to Larger Bench of High Court by the defendant
57	Fraud and embezzlement of public fund during 16 <sup>th</sup> batch De-suung training involving Lt. Ugyen Dorji & Peljab Tashi Phuntsho	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	Appealed against one defendant
58	Fraud and embezzlement of public fund during the Pel Dechok Khorlo Wang and 18 <sup>th</sup> batch De-suung training involving Major Kuenga Norbu & Peljab Wangchuk	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	20/11/2018	High Court	Appealed to Larger Bench of High Court by the defendants
59	Fraud and embezzlement of public fund during 19 <sup>th</sup> batch De-suung training involving Lt. Col. Ugyen Norbu	06/06/2017	01/08/2017	Royal Bhutan Armed Forces Court of Justice	23/11/2018	Supreme Court	
60	Embezzlement in YMC	05/10/2015	17/08/2017	District Court, Thimphu			
61	Illegal Regularization of Public Tsamdro at Chang Debsi	30/12/2016	03/10/2017	District Court, Thimphu			
62	Tax Evasion involving Kenpa Private Ltd	30/12/2016	16/10/2017	Dungkhag Court, Phuentsholing			
63	Embezzlement at RICBL	29/12/2016	06/02/2018	District Court, Thimphu			

SN	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remark
			Registration Date	Trial Court	Registration Date	Court	
64	Embezzlement at Trashiyangtse Dzongkhag	24/04/2017	26/02/2018	District Court, Tashi Yangtse			
65	Fraud and corruption involving senior RICBL management	29/12/2017	14/05/2018	District Court, Thimphu			
66	Embezzlement at BDBL, Thimphu	22/06/2017	18/05/2018	District Court, Thimphu			
67	Fraud and corruption in Bhutan Trust Fund for Environmental Conservation	31/07/2017	21/05/2018	District Court, Thimphu			
68	Embezzlement of fund by Goshing Gup, Pangbang, Zhemgang	10/10/2017	04/06/2018	Dungkhag Court, Pangbang			
69	Embezzlement of Visa Fees at Immigration Office, Paro International Airport	20/02/2018	04/07/2018	District Court, Paro			
70	Tax Evasion involving Druk Tyres	29/12/2016	24/07/2018	Dungkhag Court, Phuentsholing			
71	Fraudulent registration and encroachment of 1.10 acres of Shokshing at Gyabjakha, Babesa	29/09/2016	25/08/2018	District Court, Thimphu			
72	Embezzlement of fund at BDBL Branch, Pemagatshel	03/06/2018	30/10/2018	District Court, Pema Gatshel			
73	Illegal registration of government land at Emalakra, Gedu	21/12/2016	09/11/2018	District Court, Chukha			
74	Embezzlement at BDBL field office, Thrimshing	07/09/2017	13/12/2018	Dungkhag Court, Thrimshing			

## ANNEX IV: Judgements rendered in 2018

SN	Case Title	Initial Registration date	Judgment date	Court of adjudication	Status
1	Repatriation of Indian Currency, DPNBL, Thimphu	17/04/2014	30/03/2018	District Court, Thimphu	Under appeal
			29/10/2018	District Court, Thimphu	
			22/11/2018	District Court, Thimphu	
2	Misuse of powers and Government fund by former Gelephu Dungpa	20/11/2015	13/07/2018	District Court, Sarpang	Under appeal
3	Bribery and tax evasion involving Chozang Tashi	21/01/2016	23-04-2018 (Civil Part)	Dungkhag Court, Phuentsholing	Under appeal
4	Financial irregularities in the operation of Government fund through the RBE, Thailand	26/02/2016	31/05/2018	District Court, Thimphu	Under appeal
5	Bribery & tax evasion by Sonam Cement Agent	18/03/2016	30/03/2018	Dungkhag Court, Phuentsholing	
6	Bribery & tax evasion by UD Beer Distributor	18/03/2016	30/03/2018	Dungkhag Court, Phuentsholing	
7	Bribery & tax evasion by YP winery and YP Enterprise	18/03/2016	03/04/2018	Dungkhag Court, Phuentsholing	Under appeal
			13/04/2018		
8	Bribery & tax evasion by Tama Beer Agency and Tama Enterprise	18/03/2016	05/04/2018	Dungkhag Court, Phuentsholing	
9	Bribery & tax evasion by T.Phuntsho Enterprise	18/03/2016	02/04/2018	Dungkhag Court, Phuentsholing	Under appeal
10	Bribery & tax evasion by D.K General Shop & D. K Tailoring	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	

SN	Case Title	Initial Registration date	Judgment date	Court of adjudication	Status
11	Bribery & tax evasion by IS Enterprise	18/03/2016	24/04/2018	Dungkhag Court, Phuentsholing	
12	Bribery & tax evasion by D.P Tshongkhang	18/03/2016	03/05/2018	Dungkhag Court, Phuentsholing	Under appeal
13	Bribery & tax evasion by Yangkhor Enterprise & Trading	18/03/2016	11/05/2018	Dungkhag Court, Phuentsholing	Under appeal
14	Bribery & tax evasion by Brumi Enterprise	18/03/2016	23/04/2018	Dungkhag Court, Phuentsholing	Under appeal
15	Bribery & tax evasion by Rabten Pharmaceuticals and Medical Supplies	18/03/2016	23/04/2018	Dungkhag Court, Phuentsholing	Under appeal
16	Bribery and tax evasion by Lhayang Enterprise	18/03/2016	30/03/2018	Dungkhag Court, Phuentsholing	Under appeal
17	Bribery and tax evasion by Chotaylal Sha Grocery	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	Under appeal
18	Bribery and tax evasion by Kundrup Enterprise	18/03/2016	13-04-2018 (Civil Part)	Dungkhag Court, Phuentsholing	
			22-05-2018 (Criminal Part)		Convict absconded
19	Bribery and tax evasion by Druk Norlha enterprise	18/03/2016	21/05/2018	Dungkhag Court, Phuentsholing	Under appeal
20	Bribery and tax evasion by Rabten Roadways	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	Under appeal
21	Bribery and tax evasion by Dorji Wangmo Tshongkhang	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	Under appeal
22	Bribery and tax evasion by Norzang Trading	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	Under appeal

SN	Case Title	Initial Registration date	Judgment date	Court of adjudication	Status
23	Bribery and tax evasion by K.J Enterprise	18/03/2016	19/04/2018	Dungkhag Court, Phuentsholing	
24	Bribery and tax evasion by Yeshey Pema Enterprise & Yeshey Pema tyres	18/03/2016	03/05/2018	Dungkhag Court, Phuentsholing	Under appeal
25	Bribery and tax evasion by Rigsum Enterprise	18/03/2016	11/05/2018	Dungkhag Court, Phuentsholing	
26	Fraud and corruption in the issuance of business license of Tee Dee Clearing Agent	18/03/2016	23-04-2018 (Civil Part)	Dungkhag Court, Phuentsholing	
27	Bribery and Tax evasion by Tenzin Enterprise	18/03/2016	21/05/2018	Dungkhag Court, Phuentsholing	
28	Bribery and Tax evasion by Bhutan Steel Center	18/03/2016	30/03/2018	Dungkhag Court, Phuentsholing	
29	Bribery and Tax evasion by Gyelse Nadin Ventures	27/04/2016	03/05/2018	Dungkhag Court, Phuentsholing	Under appeal
30	Bribery and unexplained wealth involving customs inspector	28/07/2016	26/06/2018	Dungkhag Court, Phuentsholing	
31	Bribery and tax evasion by RK motors	29/08/2016	23/04/2018	Dungkhag Court, Phuentsholing	
32	Deception and forgery in Bhutan Postal Corporation	30/08/2016	27/12/2018	District Court, Thimphu	Under appeal
33	Bribery and tax evasion by Leki Dema	29/08/2016	05/04/2018	Dungkhag Court, Phuentsholing	
34	Bribery and tax evasion by Penjor Steel	20/10/2016	14-05-2018 (Civil Part)	Dungkhag Court, Phuentsholing	
			07-08-2018 (Criminal Part)		



SN	Case Title	Initial Registration date	Judgment date	Court of adjudication	Status
35	ATM fraud at Phuentsholing	20/03/2017	11/05/2018	Dungkhag Court, Phuentsholing	
36	Tax evasion by Udee Clearing Agent	28/03/2017	04/10/2018	Dungkhag Court, Phuentsholing	Under appeal
37	Tax evasion by Ramprit Shah Grocery	29/03/2017	06/08/2018	Dungkhag Court, Phuentsholing	
			27/02/2018		
			09/02/2018		
			09/02/2018		
			05/04/2018		
38	Excess land payment embezzlement, at Sambaykha Haa	06/04/2017	19/04/2018	Dungkhag Court, Sambaykha	
39	Sales tax evasion by 18 importers at entry point Phuentsholing	12/04/2017	29/03/2018	Dungkhag Court, Phuentsholing	
40	Embezzlement and forgery in YMC	17/08/2017	06/11/2018	Dzungkhag Court, Thimphu	Under appeal
41	Embezzlement of fund by former Talo Gup	16/10/2017	28/06/2018	District Court, Punakha	
42	Embezzlement of fund at Bhutan Telecom, Wamrong	05/02/2018	18/09/2018	Dungkhag Court, Wamrong	
43	Embezzlement of fund at FCBL Nganglam and Wamrong	04/03/2018	25/10/2018	Dungkhag Court, Nganglam	
44	Fraud and embezzlement of fund by customs inspector	28/03/2017	20/11/2018	Dungkhag Court, Phuentsholing	
45	Bribery and tax evasion by Tashi Enterprise	31/03/2017	04/06/2018	Dungkhag Court, Phuentsholing	Under appeal
46	False claim by an ACC official	08/08/2018	22/08/2018	District Court, Thimphu	

## ANNEX V: Judgment pending implementation - Restituted in 2018

SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
1	Embezzlement in Youth Development Fund	25/10/2007	15/10/2009	High Court	Singye Dorji	1,169,895.56	500,000.00	669,895.56	
2	Samtse Mining Case	10/04/2009	30/12/2011	Supreme Court	Sangay Gyeltshen	43,262,980.00	1,816,443.12	41,446,536.88	
				Supreme Court	Nagay	47,844,281.52	4,094,356.26	43,749,925.26	
3	Construction of Dagana HSS and Pangna CPS, Dagana Dzongkhag	05/08/2010	28/05/2012	High Court	Phanchung	1,402,563.00		900,000.00	
4	MoH: Bribery of Liaison Officers at Kolkata	10/12/2010	22/08/2012	High Court	Tshewang Samdrup	665,000.00		665,000.00	Issued arrest warrant.
5	Fraudulent Misappropriation and embezzlement in Health Procurement Fund (Offshoot from Case 13/2009)	20/02/2012	11/04/2013	Supreme Court	LB Subha	4,103,761.98	1,608,000.00	2,495,761.98	
6	Embezzlement in BOBL, Punakha	15/01/2014	26/09/2014	High Court	Tshering Chodup	2,927,009.00	566,155.00	2,290,854.00	
					Wangdi	2,001,464.00		2,001,464.00	Rearrested on drug case.

SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
7	Construction of BHU at Narang	03/07/2012	14/01/2015	Supreme Court	Ugyen Wangchuk	5,190,888.20		2,190,888.20	
8	Fraud and Bribery in the Tendering of Drug Procurement in MoH	02/06/2013	27/02/2015	District Court, Thimphu	LB Subha	292,000.00	292,000.00		
9	Misuse of Government vehicle and manpower, false claim of TA/DA at CDCL	06/08/2012	12/01/2016	High Court	DN Sharma	1,600,443.60			Execution under process by NLCS.
10	Tendering Fraud at Dagana Dzongkhag (Shatong Gonpa)	17/5/2016	17/05/2016	Supreme Court	Tharchen	1,035,600.64	135,600.64		
11	Embezzlement in RICBL, Dagana	29/12/2015	07/07/2016	High Court	Tandin Chogyal	789,909.10		789,909.10	
12	MoH: Bribery in Procurement of Medical Equipment and consumables	25/6/2014	04/11/2016	High Court	Rinchen Dorji	420,000.00	420,000.00		
13	Embezzlement in DCCL	17/10/2016	17/04/2017	Dungkhag Court, Nganglam	Tsagay	1,320,000.00	1,320,000.00		
14	Fraudulent transportation claims by M/s Dophu Transport Service	20/5/2016	23/10/2017	Dungkhag Court, Phuentsholing	Dophu	2,465,593.97	1,934,984.52		

SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
15	Sales Tax Evasion by 18 importers at entry point, Phuentsholing	05/06/2017	04/12/2017	Dungkhag Court, Phuentsholing	Rita	19,892.47	19,892.47		
					Tshering Bida	24,501.41	24,501.41		
					Pema Tashi	481,499.02	481,499.02		
					Jasman Gimirey	39,780.63	39,780.63		
16	Bribery involving UD Beer Distributor	18/3/2016	30/03/2018	Dungkhag Court, Phuentsholing	Nima Lhamo	86,607.09	86,607.09		
					Ugyen Wangdi	88,000.00	88,000.00		
17	Bribery and Tax evasion by Bhutan Steel Center	18/03/2016	30/03/2018	Dungkhag Court, Phuentsholing	Karma	571,208.20	571,208.20		
					Kailash Agarwal				
18	Bribery involving Tama Beer Agency and Tama Enterprise	18/03/2016	05/04/2018	Dungkhag Court, Phuentsholing	Dradul Wangchuk	379,000.00	379,000.00		
19	Bribery and tax evasion involving Leki Dema	29/08/2016	05/04/2018	Dungkhag Court, Phuentsholing	Kencho Wangmo	10,000.00	10,000.00		
					Choki Lhamo	10,000.00	10,000.00		
					Kinley Wangmo	10,000.00	10,000.00		
20	Bribery involving Sonam Cement Agent	18/3/2016	10/04/2018	Dungkhag Court, Phuentsholing	Phub Tshering	110,000.00	110,000.00		

SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
21	Bribery involving YP Enterprise	18/3/2016	13/04/2018	Dungkhag Court, Phuentsholing	Kinzang Tshering Sangay Pal	1,480,340.25	1,480,340.25		
22	Bribery & Tax evasion, Phuentsholing (D.K General Shop & DK Tailoring)	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	Dawa Lhamo	202,000.00	202,000.00		
23	Excess land payment embezzlement, at Sambaykha Haa	06/04/2017	19/04/2018	Dungkhag Court, Sambaykha	Kelzang Tenzin	179,661.90	179,661.90		
24	Bribery and Tax evasion by K.J Enterprise	18/03/2016	19/04/2018	Dungkhag Court, Phuentsholing	Yangchen Choden Bikash Agarwal	214,688.26	214,688.26		
25	Fraud and corruption in the issuance of business license of Tee Dee Clearing Agent	18/03/2016	23/04/2018	Dungkhag Court, Phuentsholing	Chozang Tashi	25,000.00	25,000.00		
26	Bribery and tax evasion by RK motors	29/08/2016	23/04/2018	Dungkhag Court, Phuentsholing	Tshewang Lhamo	100,000.00	100,000.00		
27	Bribery & Tax evasion, Phuentsholing (IS Enterprise)	18/03/2016	24/04/2018	Dungkhag Court, Phuentsholing	Indra Sharma Paban Sethi	422,880.01	422,880.01		



SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
28	Bribery and Tax evasion by Rigsum Enterprise	18/03/2016	11/05/2018	Dungkhag Court, Phuentsholing	Naresh Bansal	3,271,850.32	3,271,850.32		
		18/03/2016	11/05/2018	Dungkhag Court, Phuentsholing	Sonam Choden	446,000.00		446,000.00	
29	Bribery & Tax evasion, Phuentsholing (Yangkhor Enterprise/ Trading	18/03/2016	11/05/2018	Dungkhag Court, Phuentsholing	Ugyen	320,000.00	320,000.00		
30	ATM fraud at Phuentsholing	20/03/2017	11/05/2018	Dungkhag Court, Phuentsholing	Sanjit kumar Gupta	200,000.00	200,000.00		
31	Bribery and Tax evasion by Penjor Steel	20/10/2016	14-05-2018 (Civil Part)	Dungkhag Court, Phuentsholing	Penjor	3,661,625.17	3,661,625.17		
			07-08-2018 (Criminal Part)		Bhajan Lal Sarawgi	361,211.91	361,211.91		
32	Bribery and Tax evasion by Tenzin Enterprise	18/03/2016	14/05/2018	Dungkhag Court, Phuentsholing	Tashi Wangdi	1,056,100.00		1,056,100.00	ACC initiated civil case to recover.
					Dinesh Bansal	1,610,577.19	1,610,577.19		
					Tenzin Dorji	200,000.00		200,000.00	

SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
33	Bribery and tax evasion by Tee Dee Enterprise, Sonam Beer Agency & Yeshey Cement Agent	21/01/2016	21/05/2018	Dungkhag Court, Phuentsholing	Tenzin Delkar	168,000.00	168,000.00		
34	Bribery and tax evasion by Kundrup Enterprise	18/03/2016	13/04/2018	Dungkhag Court, Phuentsholing	Tenzin Dorji	250,000.00	250,000.00		
		18/03/2016	22/05/2018	Dungkhag Court, Phuentsholing	Dorji Wangmo	40,000.00	40,000.00		
35	Bribery and tax evasion by Tashi Enterprise	31/03/2017	04/06/2018	Dungkhag Court, Phuentsholing	Bikash Agarwal	83,769,270.00	83,769,270.00	83,769,270.00	Judgment rendered inabsentia.
36	Fronting & Tax evasion involving Rampri Shah Grocery	29/03/2017	06/08/2018	Dungkhag Court, Phuentsholing	Anu Lamghadey	1,710,000.00		1,710,000.00	Judgment rendered inabsentia.
			27/02/2018		Chimi Dolma Letho	80,000.00	80,000.00		
			09/02/2018		Gaki	80,000.00	80,000.00		
			09/02/2018		Tsheten Dorji	30,000.00	30,000.00		
			09/02/2018		Tshencho Zangmo	35,000.00	35,000.00		
37	False claim by an ACC official	08/08/2018	05/04/2018	District Court, Thimphu	Tshering Yangzom	35,000.00	35,000.00		
			22/08/2018		Tashi Phuntsho	161,284.32	161,284.32		

SN	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
						Total restitution ordered	Restituted in 2018	Restitution pending	
38	Embezzlement of fund at Bhutan Telecom, Wamrong	05/02/2018	18/09/2018	Dungkhag Court, Wamrong	Karma Choeji	1,613,081.77		1,613,081.77	
39	Embezzlement of fund at FCBL Nganglam and Wamrong	03/04/2018	25/10/2018	Dungkhag Court, Nganglam	Kelzang Sherab	101,103.08		101,103.08	
					Pema Tashi	67,398.64		67,398.64	
40	Repartition of INR from Druk PNB, Thimphu	07/04/2014	29/10/2018	District Court, Thimphu	Yev Raj Dahal	388,000.00	105,000.00	283,000.00	
					Depika Thapa	266,000.00	105,000.00	161,000.00	
					Pema Choki	16,000.00	16,000.00		
					Ugyen Tsheten	5,000.00	5,000.00		
			22/11/2018		Phunstho Namgyal	5,000.00	5,000.00		
41	Fraud and embezzlement at RRCO, Phuentsholing	28/03/2017	20/11/2018	Dungkhag Court, Phuentsholing	Pema Lhamo Drukpa	5,000.00	5,000.00		
					Robin Gurung	1,276,060.00	1,276,060.00		
					Tshering Dorji	1,357,224.13		1,357,224.13	
TOTAL							28,964,207.69	187,964,412.60	

Restitution Ordered from 2006 - 2017	190,511,019.00
Restitution Ordered in 2018	186,931,255.89
<b>Gross Restitution Ordered</b>	<b>377,442,274.89</b>
Restituted till 2017	41,534,719.73
Restituted prior to 2017 but not reported*	1,163,575.00
Restituted in 2018	28,964,207.69
<b>Total Restituted</b>	<b>71,662,502.42</b>
Cases under appeal (restitution pending for 2017)	37,272,669.13
Cases under appeal (restitution pending for 2018)	80,542,690.74
<b>Total restitution for cases under appeal</b>	<b>117,815,359.87</b>
<b>Gross pending restitution as of 31 December 2018</b>	<b>187,964,412.60</b>

*\*Refer Sl.No 1, 3, 4, 7, 9, 11, 14 and 15 in Annex IV of Annual Report 2017 for the details.*

# ASSET DECLARATION (AD) PROCEDURES





**SAY NO TO  
CORRUPTION**

**REPORT IT!**

## HOW TO REPORT?



**Walk-in**

Your NAME and CONTACT DETAILS - OPTIONAL  
Anonymous complaints are entertained. However,  
it may limit the ACC's capability to investigate the  
allegations without contact information to verify or obtain further details



**Tel: 332987**



**Fax: 334869**



**Post Box No. 1113**  
Lhadro Lam, Kawangjangsa  
Thimphu



**Report Online**  
[www.acc.org.bt](http://www.acc.org.bt)  
E-mail  
[complaints@acc.org.bt](mailto:complaints@acc.org.bt)

## WHAT TO REPORT?



**Corruption Offence only**

*(Eg. Abuse of Functions, Bribery, Embezzlement, etc.)*



**People involved** *(Name and Address)*



**Details of corruption offence** *(What, Where & How)*



**Witness(es) & Documentary Evidence, if any**

## WHAT HAPPENS TO THE COMPLAINTS?

**CEC**

Complaints Evaluation Committee evaluates the complaints  
weekly and makes recommendations to the Commission

**Commission**

Reviews recommendations of CEC  
and takes final decision on complaints

**Corruption Offence - Investigate**

**Administrative lapses - Share with Agencies**

**No corruption element / Inadequate information - Drop**



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**ACC**  
ANTI-CORRUPTION COMMISSION

Post Box No. 1113  
Lhadro Lam, Kawangjangsa  
Thimphu-11001, Bhutan  
Tel: 975 2 334863/66, 336407/08  
Fax: 334865  
Website: [www.acc.org.bt](http://www.acc.org.bt)

If You Care, You Will Dare!

**CORRUPTION**  
Your **NO** counts

Anti-Corruption Commission  
Post Box Nao.1113  
Lhadro Lam, Kawangjangsa  
Thimphu

Tel: +975-2-334863/64/66/67  
Fax: 334865  
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**ACC**  
ANTI-CORRUPTION COMMISSION