

RAA finds Nu 1.2 million inventory shortage at STCBL

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The State Trading Corporation of Bhutan Limited (STCBL) recorded a shortage of 1,083 Apollo Tyres, valued at Nu 1.2 million due to poor inventory control, according to the Royal Audit Authority (RAA) annual report 2023-24.

The RAA's physical verification of tyre stocks from 2020 to 2022 at the STCBL headquarters and regional offices revealed discrepancies between inventory records and the actual stock.

The shortages included 576 tyres valued at Nu 486,909.95 at the Phuentsholing Regional Office and 489 tyres worth Nu 719,461.99 at the Thimphu Corporate Office.

The RAA attributed the shortages to poor internal controls, inadequate supervision, and the possibility of collusion. The RAA observed that such glaring discrepancies should not have escaped the notice of a diligent supervisor.

Following the audit, STCBL's management had replaced the team overseeing the Apollo Tyres unit and initiated a detailed handing-takeover process.

The management reported that the handing-takeover records for both the head office and regional offices have been submitted for review to assess the extent of the shortages or any excesses.

The RAA has recommended legal action against those responsible for the misappropriation of company assets. It has held the former CEO, the former Apollo head of department, and the former sales executives in Thimphu and Phuentsholing directly accountable for the irregularities.

The case has been forwarded to the Anti-Corruption Commission (ACC) for further investigation.

The audit also uncovered discrepancies between sales data recorded in the inventory management system and those from petroleum outlets at Ramtoktok and Chhukha.

The STCBL management responded that discrepancies were attributed to errors in selecting division codes. "While the inaccuracies impacted the inventory records, the sales register remained unaffected. The management has initiated corrective measures, including system updates, to resolve the issue."

However, the audit mentioned that the management failed to implement proper control mechanisms in the system despite being aware of existing flaws.

The audit report states that the system tends to accept erroneous or inaccurate division codes, as acknowledged by the management.

The RAA recommended the STCBL to resolve the discrepancies, furnish relevant documents for verification, and institute robust control measures to prevent such errors in the future.

The audit also highlighted that the Corporation had not complied with its Standard Operating Procedures for revenue and inventory management.

The RAA called for periodic physical verification of inventories and urged the management to recover shortages from those responsible.

An official from STCBL said that the company has receivables exceeding Nu 300 million from customers for vehicle sales.