

## 21 PEs disobey OAG direction to audit

---

Clearing the backlog of financial auditing of public enterprises (PEs) was on the top priority of newly appointed Auditor General Tanka Mani Sharma in May last year. Sharma also issued direction to as many as 21 PEs including Citizen Investment Trust and Nepal Tourism Board to clear all the backlog of auditing by mid-August, but the progress has been miserable.

None of the PEs has so far completed auditing till this date, though authorities of the Office of Auditor General (OAG) have said that there have been some progress in their works and some of the PEs are in the final stage of completing their audits.

The backlog of unaudited financial activities dates back to 22 years in case of Guthi Sansthan and 15 years in case of Agriculture Inputs Company. Rastriya Beema Company Limited and Rastriya Beema Samsthan have not completed auditing for the past seven years.

Talking to Republica, Sharma admitted that the entities have not obeyed the directions and not a single PE has completed its task. "This shows that the situation of our financial discipline is pathetic," said Sharma, who had told the media last July that he would collect the files of financial operations of all those who failed to complete auditing within the given deadline.

However, Sharma said he has now taken a different approach to deal with this issue. He said: "We have now planned to write to the concerned persons for auditing of the spending when they were leading the enterprises."

The constitutional body has issued several directives to the PEs, but even after that, they have been heedless to the OAG's direction, according to OAG officials.

The PEs have always been havens for political appointment. Frequent changes of the governments have seriously impacted their management and damaged their financial transparency.

Director of the OAG, Baikuntha Bahadur Adhikari, said that the office lacked any power to take action except issuing directives to them. "The reason behind low transparency in the PEs is political appointments at the top positions," he said.

Most of those unaudited PEs lack even the basic financial details including balance sheets.

The auditing of Nepal Oriend Magnesite Pvt. Ltd remains for seven 11 years. The other PEs like Udayapur Cement Industry, Herbs Production and Processing Company, Nepal Food Corporation have not got their financial reports audited for the last seven fiscal years.

Likewise, National Construction Company and Civil Aviation Authority of Nepal have also not got their financial activities audited for four and three years, respectively. Nepal Tourism Board too has not been audited since 2012/13. OAG officials say that the Board's financial record is very poor as it has not even been able to provide basic financial details. Likewise, Nepal Drugs Limited, CIT, Gorakhapatra Corporation, and Dairy Development Corporation have their financial auditing pending for the Fiscal Year 2015/16.

Source: My Republica, 7<sup>th</sup> February 2018