

Compliance Unit
Compliance and Ethics Sub-Committee
Alternative Energy Development Board

Compliance Review 2nd Trimester 2019/20
(17th November 2019 to 13th March 2020)

April, 2020

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1 Introduction

This report documents the findings and conclusions of the status update of the findings as stated in the *Compliance Review 1st Trimester 2019_20*. The Compliance Review_2nd Trimester Report_2019/20 covers the period of the second trimester starting from 17th November 2019 to 13th March 2020. The assistance offered officials of Alternative Energy Promotion Centre (AEPC) is gratefully acknowledged. This trimester review has been conducted concentrating on the First Trimester Compliance Review and the issues closed by that report are not included in this assessment alongwith the addition of thematic areas as per the duties of the Compliance and Ethics Sub-Committee. The assessment was carried out against the relevant indicators for progress by assigning ratings of High, Medium and Low. The progress levels are reproduced below in Table 1: Levels of Progress:

Table 1: Levels of Progress

Progress Level	Description
High Progress	Represents a situation where the issues identified have been addressed by AEPC management and approval obtained from the Office of Auditor General (OAG)
Medium	Represents a situation where the issues identified have been addressed by AEPC management but approval yet to be obtained from the OAG also represents a situation where the issues identified reflects good progress made
Low Progress	Represents a situation where there is no progress or very less progress made in the the issues identified.

This Trimester review report measures the the trajectory of progress since the *1st Trimester Compliance Review Report* using an arrow system.

Table 2: Trajectory of progress

Positive progress	↑+
No change	↔

2 Progress Assessments

The findings are based on the Preliminary Report of the Office of Audit General (OAG) for the fiscal year 2074/75 dated 4th March 2019, 2073/74 dated 26th February 2018 and Preliminary Report of OAG for fiscal year 2072/73 and 2071/72. The OAG report of 2074/75 indicates that out of the total arrears of NPR. 321,564,000/- , NPR. 19,616,000/- has been settled and the remaining arrears amounts to NPR. 301,648,000/-. The status on Shrawan, 2076 depicts that NPR. 278,306,860.30 is yet to be settled.

The assessment also includes the major status of IT audit findings conducted in 2018 and the activities/assessment status conducted by the Compliance and Ethics Sub-Committee and Compliance Unit.

In addition to the template of previous compliance reports, the report further classifies the findings on the thematic area aligned with the duties set out in the terms of reference of the Compliance and Ethics Sub-Committee. This will further ensure that the Compliance and Ethics Sub-Committee have been reviewing all the matters under its jurisdiction and help to identify gaps.

Table 3: Thematic Areas (TAs) based on the duties of Compliance and Ethics Sub-Committee

Thematic Area (TAs)	Acronyms
Financial Reporting	FR
Internal Control and Risk Management System	ICRM
Compliance, Whistle Blowing and Fraud	CWBF
Internal Audit	IA
Code of Ethics	CoE

The following coding system has been used to represent the date and name of the report where the findings have been depicted. In case of OAG findings, the number assigned by the OAG audit follows the codes given below respectively.

Table 4: Basis for coding of findings/issues

PR7475	Preliminary Report 2074/75 of Office of Auditor General(OAG).
PR7374	Preliminary Report 2073/74 of Office of Auditor General(OAG).
PR7273	Preliminary Report 2072/73 of Office of Auditor General(OAG)
PR7172	Preliminary Report 2071/72 of Office of Auditor General(OAG)
CU7576	Compliance Unit Findings of fiscal year 2075/76
CU7677	Compliance Unit Findings of fiscal year 2076/77

Table 5: 2nd Trimester Assessment (F.Y. 2019/20)

TAs	S. N.	Findings/Issues	Progress as of 29th Nov 2019	Progress as of 13 th March, 2020	Δ	Evidence/Assesment as of 13th March, 2020
FR, ICRM & IA	1.	PR7475-7 Non completion of work: Voucher No: 322-2075/3/6 and 384-2075/3/22: Article 117 of the Public Procurement Regulation 2064 states that public entities are required to prepare report of the construction works that have been	Low	Low	↔	The management response stated that Tribhuvan University Institute of Engineering Pulchowk has been disbursed a total of NPR. 9,000,000/- for the establishment of clean energy park. The work completion report was yet to be furnished during the

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		<p>completed.</p> <p>Of the current year approved program and budget, for the establishment of clean energy park an agreement with Tribhuvan University Institute of Engineering Pulchowk based on the agreement signed on Asadh 2nd, 2075 (14th June, 2018) , NPR. 9,000,000/- has been disbursed to the aforementioned service provider. Though the cost estimate was not available, stipulated timeline of completion with the fiscal year 2074/75 resulting in unavailability of information on progress and stipulation on the contract stating 50% disbursement prior to the completion of work, the service provider has been disbursed 100% of the total amount. Since, the work completion report is not available progress on the stated target on the program cannot be ascertained for NPR. 9,000,000/-</p>				<p>time of the audit. Since, the establishment of clean energy park has been completed; the work completion report will be prepared and submitted for the settlement of the arrear.</p> <p>The status on 25th September was that a letter had been sent to the service provider along with the format of work completion report.</p> <p>As of November 2019: Status quo</p> <p>As of March 2020: Status quo</p>
FR, ICRM & IA	2	<p>PR7475-8 Subsidy Utilization: Voucher No: 402-2075/3/25: Article 117 of the Public Procurement Regulation 2064 states that public entities are required to prepare report of the construction works that have been completed.</p> <p>On the NPR. 4,699,023/- provided to Biratnagar Sub-metropolitan city office for installation of 200 cubic metre biogas pipeline at Shree Krishna Gausena Sadan, due to the lack of the work completion report, it could not be ascertained whether the amount provided had been used for stated activity.</p>	Low	Low	↔	<p>The management response stated that The 200 cubic metre biogas pipeline at Shree Krishna Gausena Sadan is in operation. As Biratnagar Sub-metropolitan City Office is yet to furnish the work completion report, AEPC will behest the work completion report from Biratnagar Sub-metropolitan City Office and submit it for the settlement of the arrear.</p> <p>As of 25th September, 2019 a letter has been sent to Biratnagar Sub-Metropolitan City Officer along with the format of work completion report.</p> <p>As of November, 2019, the issue remains open.</p> <p>As of March, 2020 the issue remains open</p>
FR, ICRM & IA	3.	<p>PR7475-9 Adjustment of Value Added Tax: The value added tax act 2052, article 18.1 decrees that taxpayers and those who make payments are to submit the monthly statement to the Inland Revenue Office (IRD) within 25 days of the completion of the month.</p> <p>While searching the Inland Revenue Office website, some construction agencies had not submitted the</p>	Low	Low	↔	<p>The management response stated that the payments were made to the construction agencies and mistakenly the value added tax adjustment letters were not provided to the said firms. Hence, the adjustment letters will be collected from the firms and will be submitted for the settlement of the arrear.</p> <p>As of the 25th September, 2019, the adjustment letters had not been</p>

		monthly statements and were depicted as Non-filers in the IRD website. Hence, the adjustment of VAT amount NPR 65,845 could not be ascertained.				collected. As of November, 2019, the issue remains open. Beside the official letters further the service provider have been followed up via email as well. However no response have been received yet. As of March, 2020: Status quo
FR, ICRM IA & CoE	4.	PR7475-10 Appointment of Consultant: Examining the complaint received on hiring of personnel sanctioned ineligible by the special court on the case of corruption on contractual basis, Mr. [REDACTED] has been appointed as Consultant from 2074/9/1 to end of Asadh 2075 for monthly remuneration of NPR. 50,000/-. For the month of Poush NPR 42,500/- after tax deduction of NPR. 7,500/- has been provided as remuneration to him under the rubric of current expenditure. AEPC should provide facts on the appointing of a personnel sanctioned ineligible by the court and on the budget heading via which the additional payment has been made to the personnel.	Low	Low	↔	The management response stated that the special court decision on ineligibility of Mr. [REDACTED] was known to AEPC only after the disbursement of the first month's remuneration. Immediately, after the fact came into surface the contract was nullified. Further, AEPC has implemented the self declaration form and made mandatory while hiring personnel on contractual basis. As of the 25 th September, 2019, the recovery of NPR. 42,500/- was in process. As of November, 2019, the issue remains open. As of March, 2020: Status quo
FR, ICRM & IA	5.	PR7475-12 Disbursement of remuneration: As per the letter number 2342 dated 2073/11/5 from Ministry of Finance, approval is given from providing remuneration for 2.5 months from 16 th July 2017 to 30 th September 2017 (2074/4/1 to 2074/6/14) amounting to NPR. 3,100,000/- to 10 consultants of National Rural Renewable Energy Program. However, AEPC has disbursed NPR. 4,250,865/- and hence the additional amount of NPR. 1,150,865/- is not consistent with the approved amount.	Low	Low	↔	The management response stated that the additional disbursement of additional remuneration amounting to NPR. 1,150,865/-, after obtaining the initial approval in principle for NPR. 3,100,000/- from the Ministry of Finance during the implementation of activities the actual timeline exceeded the anticipated hence the additional remuneration was disbursed. AEPC will obtain approval for the additional disbursement from the line ministry and submit for the settlement of the arrear. As of 25 th september, 2019 AEPC was yet to obtain the letter of approval. As of November, 2019: Status quo As of March, 2020: Status quo
FR, ICRM & IA	6.	PR7475-14 Direct Purchase: Article 8 of the Public Procurement Act, 2063 states that the	Low	Low	↔	The management response stated that AEPC could not foresee the requirement of 11 laptops at the

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		procurement procedure must be selected. Article 8.2 states that breaking down procurement into smaller factions should be avoided as it limits maximum competition. Similarly rule 31 of the Public Procurement Regulation 2064 states that public entity shall directly procure where the cost estimate exceeds NPR 500,000/-. AEPC has purchased 11 laptops in 9 different direct purchases in the fiscal year amounting to NPR. 1,355,180/-. Goods and services of same nature should be procured floating a single contract with a combined cost estimate. Hence, the procurement is not consistent.			initial stages of the fiscal year. As the year progressed, requirement of consultants increased gradually and the consultants were to be provided with laptop for their day to day official works. AEPC did not flout the procurement act and regulation and due to unforeseen circumstances, the procurements had to be carried on need basis. AEPC contemplating the suggestion received, will prepare annual procurement plan from the next fiscal years and adhere to practices indicated in the act and regulation. AEPC had prepared and implemeted the annual procurement plan for the fiscal year 2075/76 and the procurement plan for the fiscal year 2076/77 is in place as well. As of November, 2019 the issue remains open and the preparation of necessary document for the settlement of arrears in underway. As of March 2020: Status quo
FR, ICRM & IA	7.	PR7475-15 Payment made without disbursement details: Article 40 of the Financial Procedure Regulation 2064 states that liability should not created by spending more than the allocated budget. In cases where expenditure exceeds the allocated budget amount, the payment due for the next fiscal year in the prescribed form and format needs to be verified by the head of the entity and FCGO within Shrawan 15. The payable amount along with the Financial reports needs to be submitted to the relevant ministry, FCGO and OAG.	Low	Low	↔ The management response stated that the prescribed form (Ma.Le.Pa 18) on payables could not be prepared and verified as the relevant sections delayed the submission of bills. Though the payable report could not be prepared, the activities were under the approved annual budget, hence the payment was made. Since AEPC received the circular from the OAG stating that the omission of Ma.Le.Pa 18 doesn't stop payment process. The expenditure made cannot be termed inconsistent. AEPC will adhere to the article 40.7 of the Financial Procedure Regulations 2064 and submit the necessary report for verification and settle the arrear. As of November, 2019 the necessary report has been prepared, submitted to the Ministry. As of March, 2020: Clearance for settlement is yet to be received
FR, ICRM & IA	8.	PR7475-16 Advance: Article 74.3 of the Financial Procedure Regulation 2064 states the settlement of the advance as per the	Medium	Medium	↔ The management response stated that the settlement of advance is in process and will be submitted as soon as the necessary documents are

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		stipulations stated in the regulation. As of the audit period, the following advances amounting to NPR. 50,010,337/- is yet to be settled				received for its settlement. As of 25 th September, 2019 the issue had remained open with final bill amounting to NPR. 11,100,000/- received and the advance settled. Remaining amount is under process. As of November, 2019 the settlement of remaining amount is under process and hence the issue remains open with some progress made. As of March, 2020: Status quo
Biogas Credit Fund						
FR, ICRM & IA	9	PR7475-35.2 Out of the loan given to 4 cooperatives, NPR. 8,785,027/- is yet to be recovered which consist of interest NPR. 3,225,120/- as principle and NPR. 1,271,811/- as interest, totaling to NPR. 4,496,931/-. No action has been taken on recovery of the loan amount	Low	Low	↔	The loan amount of NPR. 4,496,931/- is yet to be recovered. As of March, 2020: Status quo
FR, ICRM & IA	10	PR7475-37 Refund of Security Deposit: The PPR 2064 article 124(2) provision the refund of retention money after the submission of income statement to the inland revenue office. As per the subsidy delivery mechanism the 10% retention money withheld during the disbursement of subsidy in the case of solar technology where no deviation has been found during monitoring shall be refunded. AEPC has refunded the security deposit amount to the service providers given in the table below on the basis of performance guarantee. The provision of refunding security deposit on the basis of performance guarantee is not provisioned in PPA and PPR. Hence, the refund of NPR. 12,79,821/- does not adhere to the applicable rules and regulations. The official allowing the refund should be held responsible.	Medium	Medium	↔	The management response had stated that the security deposit amount was refunded based on the agreement between AEPC and the service provider where deviations were not found during the monitoring , as per the PPA & PPR after receiving the performance guarantee the refund was made. This doesn't result in any negative implications for the government of Nepal. However, amendments will be made on relevant points of the agreement to ensure improvement in the stated matter. This is not the case of not adhering to FPR and PPA but due to the different nature of the security deposit, the refund was made. In future, AEPC assures that for improvement necessary instructions has been given to relevant officials. As of November, 2019 PR. 125,000/- is yet to be settled. The other amount have been settled based on tax adjustment received but approval from OAG is yet to be received. As of March, 2020: Status quo
FR, ICRM & IA	11	PR7475-38 Refund of security deposit without VAT adjustment letter: As provisioned by regulation 124(2) of the Public Procurement Regulation 2064, the security	Low	Low	↔	The management response stated that the firms will be followed up on the missing letter and will be submitted for settlement once received. As of the November 2019, NPR

		deposit of construction enterprises is to be refunded based on the tax documents submitted at the Inland Revenue Department. Security deposit has amounting NPR. 3,091,314/- been refunded without the adjustment letter to the following:				1,600,000 has been settled with approval yet to be received from OAG. As of March, 2020: Status quo
OAG Preliminary Report 2073/74						
Solar Tuki Distribution:- Under the programme“Light for Education”, for providing solar tukito 25,000 students of class 9 and 10 of deprived/disadvantaged,dalits andmarginalised family, budget amounting to NPR Ten Croreswas allocated. For distribution of 10 watt solar tukis, tender of NPR.88,547,350/- for package 1, 3 and 4 was awarded to Surya Roshani Industries Pvt. Ltd. to purchase 24,665 solar tuki. Another tender of NPR.8,527,365/- for package 2 awarded to S.L. Solar Asia Pvt. Ltd. to purchase of 2,415 solar tukis. Total amount of NPR.97,074,715/- has been paid. The procurement of the solar tukiis shown below:						
FR, ICRM & IA	12	PR7374-11.1: To prepare the estimate of number of targeted students for providing 10 watt solar tuki to them, “District Environment, Energy and Climate Change Section” of District Development Committee coordinated with District Education Office.Total demand of 24,620 units of tuki for all 75 districts for the targeted student of class 9 and 10 was received. Estimated at NPR.4,047.50/- per unit, total estimated budget amounted to NPR.99,649,450/-. The tenders have been approved citing thatthe quotation received was lower than the estimated amount. During the contract signingas the schoolsdemanded extra units of tuki, 10% i.e 2,462 tuki, it was included in the contract citing that the quotations received had been lower than the total estimate. However,the list of additional students was not available for verification. The additional payment made to the supplier amounting to NPR.8,838,580/-(per unit cost NPR.3,590/-) is not regular.	Medium	Medium	↔	AS of November 2019 A file as been prepared but not yet approved by the Secreatry of the line minstry to regularize the expense and has asked for additional evidence. AEPC has submitted the document with additional evidence to the concerned ministry to regularize the cost. Approval is yet to be obtained. As of March, 2020: Status quo
Solar Street Light: On the basis of recommendation made by local bodies and work completion report of 17 different installer companies, AEPC has disbursedNPR.67,662,207.89/- for installing solar street lights in 29 local levels. Findingsrelated to subsidy are mentioned below:						
FR, ICRM & IA	13	PR7374-17: Payment made without Invoices/Supporting documents: NPR. 1,710,400 disbursedto the various parties without obtaining relevant supporting document. Concerned employee disbursing the amount with supporting document should be made responsible	Medium	Medium	↔	As of 25th September, 2019 Approval obtained as following OAG’s letter 75/76/132 Date: 2075/7/13 The remaina amount is NPR. 910,400/- As on November 2019: Status quo

						As of March, 2020: Status quo
FR, ICRM & IA	14	PR7374-19: Advances: Advance taken must be settled or accounted within stipulated time as per rule 74(3) of Financial Procedures Rules, 2064, we observed that the advance of NPR.2,346,905/- have not been settled yet.	Medium	Medium	↔	As of 25th September, 2019 Amount 2,176,967 closed with the following detail Bank Voucher: 492 Date: 2074/03/19 Approval from OAG dated 2076/1/9, letter number 559 Documentation for the remaining amount is in the process. As on November 2019: Status-quo As of March, 2020: Status quo
Alternative Energy Promotion Centre – Capital (3311084)						
3311223/4 Improved Rural Energy Service Programme (Kabeli Transmission Project): The agreement between GoN and IDA on 27 June 2011 (Grant No H676-NEP) to complete the Kabeli Transmission Project within 30 June, 2015 was extended till 16 June, 2016. It was agreed to provide SDR 24,000,000.00 (In words: 24 million) out of which SDR 17,300,000 in first installment; SDR 5,800,000 in second installment and SDR 900,000 in final installment was set as the disbursement mechanism. It was mentioned that the amount received in first and second installment to be utilized by Nepal Electricity Authority (NEA) and the third installment by AEPC. A programme to promote alternative source of energy was conducted to the persons affected by transmission line under the programme of Rural Enhancement Energy Services to communities, Third Phase of Kabeli Transmission Line project. In the previous fiscal year total expenditure amounted to NPR.83,564,797.00/- (in words: Eighty three million five hundred thousand seven hundred and ninety seven) i.e. 80.84% and NPR.42,263,506.20/- in the current fiscal year with a grand total of NPR. 125,828,303.20 expensed (121 % of allocated fund).						
FR, ICRM & IA	15	PR7374-24: Disbursement of additional facilities beyond the terms of contract: Under the Improved Rural Energy Service Programme (Kabeli transmission project), besides the social security contribution as per the clause no 3 and 5 of the agreement with individual consultants additional remuneration or indemnification will not be provided to the consultants. The project has provided dashain allowance amounting to NPR. 334,367/- which is not mentioned in the contracts of the individual consultants. The amount needs to be recovered.	Medium	Medium	↔	As of 25th September, 2019 The cases have been justified based on arrangements as necessary. Justification is yet to be achieved for NPR. 41,666. As of November, 2019: Status quo As of March, 2020: Status quo
FR, ICRM & IA	16	Reimbursement: Amount NPR.270,982.11/- spent by AEPC shown as reimbursable amount from the World Bank. Since the project period has matured, the reimbursable amount need to be settled.	Medium	Medium	↔	As of 25th September, 2019 The process is ongoing, the file is at the respective line ministry. The file no is 75/76/474 dated 2075/6/18 As of November, 2019: Reimbursement completed yet to be approved by OAG As of March, 2020: Status quo
3311103 NRREP (National Rural & Renewable Energy Programme): The estimated amount to be expensed as						

per agreement is USD 170.10 million (NRs. 23,322,775,288/-). Out of the total fund, USD 113.1 million for 'Central Renewable Energy Fund', USD 40.10 million for 'Technical Support', USD8.4 million for 'Business Development Renewable Energy & Productive Energy', USD 5.1 million for 'NRREP Management' and USD 3.4 million for 'Studies & Audit Services'. GoN agreed to contribute 40% amounting to NPR. 5,969,829,699/- and the rest 60% amounting to NPR. 8,954,744,400/- is contributed by donor agencies (DANIDA, Norway, Germany (K.F.W), DFID, GTZ, SNV, UNCDF/UNDP and SREP). Grand total of NPR. 14,924,574,000/-						
FR, ICRM & IA	17	PR7374-31.1: Payment made for vehicle hire from Hetauda to Kathmandu NPR. 69,000/- via voucher no. 224/074/2/8 was made without appropriate supporting document. The general rate of the transportation business committee rate should be obtained as supporting.	Medium	Medium	↔	As of 25th September, 2019 : The management response stated that: "Due to the remoteness of the areas, the vehicle rates have been expensive and do not match with the average rates of the transportation business committees." AEPC has prepared the necessary documents and also requested to Transportation Entrepreneurs association chalani 1275 dated 2075/10/11 for detailed rate. As of November 2019: Status quo As of March, 2020: Status quo
FR, ICRM & IA	18	PR7374-31.2: NPR.24,253/- was paid for motorcycle repair on the basis of the estimate to Mr. [REDACTED]. The motorcycle is not registered in the name of the AEPC. The budget of AEPC is not meant for personal assets repair; hence, the payment is not regular.	Low	Low	↔	As of 25th September, 2019 AEPC has requested the line ministry with a letter having following details 1273 chalani, 2075/10/11 for Ministry Personal secretariat for detailed address of the personnel. As of November 2019: Status quo As of March, 2020: Status quo
Security Deposit: As per AEPC's financial report, including previous year's security deposit liability amount of NPR.37,236,763.71/-, the total deposit amounts to NPR.110,132,223.16/-. Post refunding security deposit amounting to NPR.18,122,194/-, NPR.92,010,029.16/- remains as security deposit. Following points are observed regarding refund of security deposit.						
FR, ICRM & IA	19	PR7374-41.1: Retention Money: As per rule 124(2) of Public Procurement Rules, 2064, retention money has to be refunded after service provider submits the annual income tax return in the Inland Revenue Department. The refund in the case of service provider of solar energy system installation i.e. 10 % retention money will be refunded after inspection from AEPC. Bank Guarantee and inspection report with recommendation for payment could not be tracked while refunding the retention amount. AEPC has refunded the retention money to service provider listed below on the basis of the performance guarantee. The refund	Medium	Medium	↔	As of September, 2019 The Ministry is yet to approve and has requested for monitoring evidence. As of November, 2019: The Ministry has approved it but the OAG approval is yet to be obtained. As of March, 2020: Status quo

		of retention money NPR.5,310,291/-is not regular.			
Inspection, Appraisal and Fine &Penalty : On the penalty levied by AEPC on installations related to Solar Home System and Bio-gas Plant on the based on the approved subsidy delivery mechanism, following observations are made:					
FR, ICRM & IA	20	PR7374-50.1: As per Section 5.1.3 of Renewable Energy subsidy Delivery Mechanism 2070, random sampling monitoring of at least 10% solar home system installed byvarious installation company is to be conducted via Third Party Monitors. The monitoring deviations are classified as: not installed as per agreement, not meeting quality criteria, could not ascertain the installed person, installed after the first inspection was made, double claim, claiming others' installation as own, no description of manufacturer and capacity in battery, no manufacturer serial number in panel, multiple claim from a single family, installation in other's name , installing by making variation in VDC or District, mismatch of serial number of panel and battery mention in application, claiming subsidy without proper knowledge that partial subsidy was provided by other company. There is provision of penalty of 5%, 50%, 100% & 200% as well as removal of registration on severe condition. The condition of cancellation of registration has not been clearly stated although there is provision for such. All together 62 companies has been fined amounting to NPR.47,851,809/- for non-compliance of the Subsidy Delivery Mechanism based on the monitoring results ofthe third parties in 2014/15 and 2015/16.	Medium	Medium	↔ As of 25th September, 2019 Total amount recovered until 04-03-2075 is NPR 30,486,449.60/- and balance NPR. 17,365,359.59 needs to be recovered as soon as possible. Out of the total Tota:l 47,851,809.19 The remaining amount is NPR. 5,428,679.86 The remaining amount as of the 25th Sep, 2019 is NPR. 3,179,662.36 is remaning. As of November, 2019: As per CREF the remaining amount has been received except 105,273.24/- but the evidence is yet to be received by the Financial Administration Section. So the issue remains open. As of March, 2020: Status quo
FR, ICRM & IA	21	PR7374-50.3: The Bio gas companies which failed to comply with the quality standard/procedure as per Third party monitoring for F.Y 2071/72 and 2072/73 has beenlevied penalty of NPR.18,319,630.92/-. The amount should be recovered.	Medium	Medium	↔ As of September, 2019 Penalty of NPR. 18,319,630.92/- including NPR. 9,225,242.57/- from 83 companies for F.Y. 2071/72 and NPR. 9,094,388.35/- from 72 companies for F.Y. 2072/73 has been recovered via voucher number 1637 dated 2075/12/14. Approval yet to be obtained from OAG As of November 2019: The joint verification of the biogas report contested the third party monitoring

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					results. Based on the joint verification the Subsidy Review Committee has set a revised penalty of NPR. 2,088,375/-. Based on the letter of OAG 2076/2/31 Challani 624, the findings will only be settled by OAG based on the decision of the Public Accounts Committee. Hence the issue remains open. As of March, 2020: Status quo
OAG Preliminary Report 2072/73					
FR, ICRM & IA	22	PR7273-7: Excess payment over agreement Improved Rural Energy Service Programme (Kabeli Transmission Project). As per the clause no. 3 & 5 in agreement of appointed individual consultant has mentioned, no additional allowance or gratuity beside social security contribution is to be provided. The project has provided dashain allowance to the consultants against the agreement amounting to NPR.412,207.00/-	Medium	Medium	↔ As of September, 2019: Amount yet to be recovered: 1. Program Consultant, ██████████ ██████████, NPR.24,400/- 2. Program Support Officer, ██████████ ██████████ NPR. 12,980/- As of November, 2019: Status quo As of March, 2020: Status quo
FR, ICRM & IA	23	PR7273-19.3: Excess Payment: As per public procurement act, 2064, rule 122, supplier has to tender the bill with detail of goods, quantity & rate to release the payment, rule 123 states that bill should be approved & authenticate by concern authority on the basis of work performance for the release of payment. Excess payment made on installation of street solar light amounting to NPR.3,161,587/-has to be recovered.	Medium	Medium	↔ NPR. 4,800 recovered from Nepal E Com Concern Pvt. Ltd. NPR. 363,345 from Krishna grill and engineering OAG Letter no: 7475/582 dated 2075/3/10 Total Amount collected: 2987401.76 Remaining Amount: NPR.174,186/- OAG letter yet be collected. As of 25th Sep, 2019 NPR. 78,800.56/- remaining. As of November, 2019: The remainig amount has been received dated 075/12/18 voucher no: 1494957. OAG approval yet to be received. As of March, 2020: Status quo
FR, ICRM & IA	24	PR7273-19.4: TDS not Deducted: As per Income Tax Act, 2058, section 89 (1), TDS @1.5% has to be deducted on payments. The total amount of NPR.82,486,470.92/-has been disbursedand tds @ 1.5% amounting toNPR. 1,237,297.72/- has not been deducted.	Medium	Medium	↔ As of September, 2019: NPR. 3,861 recovered from Suryodaya Urja Pvt. Ltd. NPR. 11,244/ recovered from Supreme Solar Pvt. Ltd. NPR.10,980/ recovered from Nepal E Com Concern OAG Letter no: 1599 dated 19/01/2075 NPR. 80,497.12 from Krishna grill and engineering

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						<p>NPR. 89,631.67 from Urja ghar pvt. Ltd. OAG Letter no: 7475/582 dated 2075/3/10</p> <p>Total Collection made till date: 1,147,707.27 Remaining Amount: NPR.89,590.45/- OAG letter remaining As of November, 2019: NPR. 33,536.65 remaining.</p>
NRREP Fund						
FR, ICRM & IA	25	PR7273-15:Monitoring, evaluation and penalty: -As per RenewableEnergy Subsidy Delivery Mechanismmonitoring of at least 10% sample is done through random sampling basis by third party monitorsThepenalty for the fiscal year 2013/14 amounting toNPR. 53,070,409.56/- has not be collected till the period of statutory audit.	Medium	Medium	↔	<p>As of September, 2019: NPR.51,306,431.68/- has been collected via OAG Letter dated 14/12/2074 challani no. 120. NPR. Collected 436,483.98 /- NPR. 1,327,493.90/- remains to be collected. As of November, 2019: CREF has informed that the remaining amount has been settled however the Finance and Administration Department is yet to receive the evidence.</p> <p>As of March, 2020: Status quo</p>
OAG Preliminary Report 2071/72						
FR, ICRM & IA	26	PR7172-16: 3311083 Alternative Energy Promotion Centre (AEPC): TDS has to be deducted from suppliers on supply of solar light charging system during the earth quake amounting to NPR. 936,642/-	Medium	Medium	↔	<p>Settlement of NPR. 626,695/- via OAG challani no. 45 dated 2073/08/07 and remaining amount of NPR.306,947/- to be settled.</p> <p>The total remaining amount till date is 208,812.</p> <p>As of 25th Sep, 2019, NPR. 25,000/- is remaining. As of November, 2019 the remaing amount has been settled and the OAG approval is yet to be obtained. As of March, 2020: Status quo</p>
IT Audit						
ICRM & IA	27	CU7576-1: Lack of Information Technology Policy and Information Technology Security Policy	Medium	High	↑+	<p>AEPC does not have a internal IT policy or procedure but is governed by the National ICT Policy 2072, Email Management Directive, 2075, Information Technology System Directives 2071 and Directives to design and manage government website.</p> <p>As of March, 2020 the information technology security is as per the National level IT policies.</p>

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ICRM & IA	28	CU7576-2: Website Security: The IT audit which conducted the web application security assessment enlisted 1 critical finding and 7 medium findings.	Medium	High	↑+	<p>The previous issue with the website had been resolved with the development of the new website. Furthermore, AEPC has annual maintenance contract in place with the website developer to ensure that the website meets its security requirements. Since, the deployment of the new website the site has been functional.</p> <p>Recently AEPC has added an exclusive section on Accountability in the main menu where all the relevant information related to compliance, proactive disclosures, grievances (online registration of grievances) and audit information can be accessed. Ensuring web security is an ongoing process and regular audit will be conducted to assess any vulnerabilities.</p> <p>As of March, 2020: With the new website tested for more than a year without any security threat so far.</p>
ICRM & IA	29	CU7576-3: Database design documentation are not available for SAMS	Medium	Medium	↔	<p>With the ongoing process of implementing the newly built MIS covering the all three levels of government. The MIS has the required documentation. The issue can be closed post the implementation status of the new MIS and complete exit from SAMS.</p> <p>As of March, 2020: SAMS is still in operation and the implementation of the MIS will require additional time. The MIS is aimed to be deployed at Federal, Provincial and Local level.</p>
Grievance Handling, Whistle Blowing, Fraud Prevention and Code of Conduct						
CoE	30	CU7576-5: Civil Servants Code of Conduct; Financial and Property Disclosure: Abiding by the GoN rules and regulations, AEPC staffs have mandatory requirement of filling up the financial and property disclosure form and periodically revising it.	High	High	↔	<p>Based on the email from AEPC administration on 30th July 2018 was circulated to the AEPC staffs requesting to fill up the Financial and Property Disclosure (Sampati Bibaran) form and register before 31st August 2018 (15th Bhadra 2075).</p> <p>Subsequently the Financial and Property Disclosure forms of AEPC staffs were submitted to the line ministry of AEPC Ministry of Energy, Water Resources and Irrigation on 10th September 2018 (25th Bhadra, 2075)</p>

						The financial disclosure for the fiscal 2076/77 has been submitted to the line Ministry.
CWBF & CoE	31	CU7576-6: Grievance Handling: An internal committee for handling complaints and grievances led by one of the Director is formed at AEPC. If there are complaints and grievances received for the coordinator, immediate senior official will lead the team and investigate it	High	High	↔	The internal grievance handling committee is led by Director of the Administration Division. Other Members are Head of the Procurement Unit and one member based on the specialized expertise.
CWBF	32	CU7576-7: Grievance Handling: Complaints boxes and register shall be open on 1 st and 16 th day of every month (Next working day in case of public holiday). The internal committee opens them with relevant invitees to the meeting and a minute is prepared and duly signed by the attendees.	Medium	High	↑+	There was a gap seen in the maintenance of minute vis-à-vis complaint box. Only the first minute was available. The minutes have been maintained even if there are no complaints made during the period
CWBF & CoE	33	CU7576-8:Internal Complaint: As per the complaint register, a letter has been received from AEPC employees on the dissatisfaction on disposal/sale of office material (newspaper items).	High	High	↔	The status of the case in the complaint register is <i>closed via discussion on the issue</i> but lacks supporting evidence. Proper documentation and supporting documents on the closure of cases such as minutes /results of investigation should be maintained.
Risk Assessment						
CWBF & CoE	34	CU7677-9: Develop Content for a separate section called "Accountability" for AEPC website.	Medium	High	↑+	The accountability section now also contains procurement awards in the AEPC website.
FR, ICRM & IA	35	CU7677-10: CREF Audit	Medium	Medium	↔	The audit from July 16, 2017 to January 14, 2018 has been completed with the official stamp and signatory of the audit report affected due to the lockdown measures and is scheduled to be presented in the compliance and ethics sub-committee meeting. Furthermore the audit from January 15, 2018 to July 16, 2019 is on-going.

Code of Conduct ¹						
CoE	36	CU7677-11: Code of Conduct The AEPC is dedicated for inclusive and gender sensitive RET service delivery, hence all staff must be accountable for inclusive and gender sensitive behavior. It promotes zero tolerance for gender base violence and sexual harassment.	High	High	↔	There has been no complaint received on gender base violence and sexual harassment. AEPC is governed by the national act on sexual harrasmnet and is also in the process to develop an internal procedure on sexual harrasment and abuse
CoE	37	CU7677-12: Code of Conduct The organization and its employee must at all times comply with all applicable laws and regulations, employee must ensure that their action always follow the laws and regulations governing the organizations operations	High	High	↔	No indication of any anamolies
CoE	38	CU7677-13: The organization strictly prohibits kickbacks and commissions or any other form of corruption.	High	High	↔	There have not been any record or complaints received on corruption by the compliance and ethics sub-committee and compliance unit.
CoE	39	CU7677-14: Decisions should be taken in order to avoid unduly gain of financial or other benefits for families or friends or other associates. It should serve in the interests of community and its beneficiaries asa whole and for the organization. If an employee suspects that he/she or his/her associates will benefit from a decision he/she is to make, the employee is obliged to proactively declare himself/herself disqualified due to potential conflict of interest	High	High	↔	Declaration of Conflict of Interest is set as the standard practice during recruitments and procurments
CoE	40	CU7677-15: Information required by the Commission for the Investigation of Abuse of Authority (CIAA): Based on the letter from the Ministry of Energy, Water Resources and Irrigation, the CIAA office required information on the all the consultancy services procured by AEPC	High	High	↔	Letter no: AA.PRA. 2075/76 and Cha no: 521 from the Ministry of Energy, Water Resources, Irrigation on the requirement the information required. AEPC has presented all the details on the procured consultancy services on 2076/04/07, letter no: 076/77, Chalani: 33
CoE & CWBF	41	CU7677-16: Information required by the National Vigilance Centre (NVC): Based on the letter from the	High	High	↔	The details of the public hearing conducted by the Bhudum Khola Micro Hydro was provided to NVC

¹ The Code of conduct section has been an added in the second trimester report, hence no data exist for previous assessment and thus represented by the No change (↔) trajectory. Th purpose is to ensure that Compliance Report becomes an overarching report and gaps can be identified.

		NVC dated 2076/1/19, on not conducting public hearing by Bhudum Khola Micro Hydro.				by AEPC on 2076/06/06 Cha No. 412. The evidence consist of meeting minute of the public hearing with 19 members and 265 invitess present, registration details, audit report by Registered Auditor.
CoE	42	CU7677-17: Commission for the Investigation of Abuse of Authority (CIAA) seeking information : Based on the letter from the CIAA Office, Kanchanpur dated 2076/08/05, Cha No: 1280 .	High	High	↔	In response the sought information by the CIAA office Kanchapur, on complaint received on financial irregularities by the chairperson of the Thaligad Khola Okhlagada Micro hydro construction committee. AEPC has received the letter on 2076/8/24 and responded with the required information on 2076/10/27, Cha No: 1289

3 Conclusion:

Table 6 depicts the quantity of the findings in each of the progress levels and Table 7 the trajectory of progress made since the previous assessment of 29th November 2019.

Table 6: Quantification of Progress Level

Progress Level	Quantity
High Progress	14
Medium Progress	18
Low Progress	10
Total	42

Table 7: Changes in Trajectory

Positive progress (↑+)	04
No change (↔) ²	38
Total	42

² It is to be noted that the no change trajectory compares only defined progress indicator. So in cases where substantial amount has been recovered from the previous assessment but since final approval from the OAG is yet to be obtained, the assessment has remained in the same progress indicator as earlier. Further since the issue closed in the 2nd compliance report have been further assessed, the number of progress in No change category have remained high. High progress applies to issues which have been formally closed post obtaining the approval of the OAG.