

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

**3<sup>rd</sup> Annual Compliance Report**

**15<sup>th</sup> December, 2020**

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## **1 Introduction**

AEPC has established the Compliance Unit across the entire organization through the decision of the Board dated 04/01/2016 AD (20/09/2072 BS) to serve the oversight function for AEPC and to ensure the adequacy of internal controls at the institutional level. The oversight of the Unit is to be done by a five member sub-committee “Compliance and Ethics Sub-committee” headed by one Board member to oversee the internal control, ethics and internal audit of AEPC. Other members of the sub-committee are joint secretary from the legal department and under-secretary from the finance section of the line ministry, independent legal expert and independent finance expert. AEPC supports the board in hiring the experts (financial and/or legal) for the day to day operation of the compliance unit and external consultants to carry out the compliance reviews. The Compliance Unit through the sub-committee directly reports to the Board on a periodic basis highlighting the improvement needs to ensure proper functioning of the internal controls.

The overall purpose of the Compliance Unit is to provide oversight of financial activities, quality assurance of implemented activities and capacity building in public financial management of AEPC. The compliance unit on an annual basis prepares an Annual Compliance Report. The main purpose of the compliance report is to assess the progress made by AEPC on pending issues and indicate additional issues identified by the preliminary OAG findings and by other audit and non-audit reviews. This is the third compliance report post institutionalization of the compliance unit. Previous compliance reports prepared by the compliance unit are as follows:

- 1st Compliance Report – July 2018.
- 1<sup>st</sup> Trimester Compliance Review Report- August 2018
- 2<sup>nd</sup> Trimester Compliance Review Report- April 2019
- 2<sup>nd</sup> Compliance Report- September 2019
- 2<sup>nd</sup> Trimester Compliance Review Report- April 2020

The third Compliance report presents the findings of the preliminary OAG audit for the fiscal year 2075/76 and 2<sup>nd</sup> trimester compliance review report dated April 2020 and other findings of the Compliance Unit (CU).

## 2 Financial Summary for the Fiscal Year 2075/76

### 2.1 Status of Financial Transaction for the Fiscal Year 2075/76<sup>1</sup>

Designation	Name	Tenure	Arrears Amount
Executive Director	Mr. Ram Prasad Dhital	From 2075/04/01 to 2075/05/02	176,719,088.08
	Mr. Nawa Raj Dhakal	From 2075/05/03 to 2075/10/22	
	Mr. Madhusudhan Adhikari	From 2075/10/23 till date	
Chief Finance Controller	Accounts Under Secretary Mr. Yuvaraj Acharya	From 2075/04/01 till date	

#### Appropriation

Budget Heading	Annual Budget	Final Budget	Disbursement and Expenditure	Advance
3081173	1,241,921,000/-	1,241,921,000/-	981,185,319/-	24,850,222/-
3081183	2,255,900,000/-	2,255,900,000/-	1,092,028,612/-	86,590,193/-
<b>Total Current</b>	<b>3,497,821,000/-</b>	<b>3,497,821,000/-</b>	<b>2,073,213,931/-</b>	<b>0/-</b>
3081174	14,100,000/-	14,100,000/-	13,907,726/-	0/-
<b>Total Capital</b>	<b>14,100,000/-</b>	<b>14,100,000/-</b>	<b>13,907,726/-</b>	<b>0/-</b>
<b>Grand Total</b>	<b>3,511,921,000/-</b>	<b>3,511,921,000/-</b>	<b>2,087,121,657/-</b>	<b>111,440,415/-</b>

#### Revenue

Heading No.	Collection	Filing	Remaining
14229	1,049,000/-	1,049,000/-	0
14312	125,971/-	125,971/-	0
15111	8,932,570.64	8,932,570.64	0
<b>Total</b>	<b>10,107,541.64</b>	<b>10,107,541.64</b>	<b>0</b>

#### Security Deposit

Previous year Liability	Current Year Deposit	Total	Refund	Sanctioned (Sadarsyaha)	Total	Remaining
167,525,516.32	44,311,357.60	211,836,873.92	48,997,680.00	4,845,975.26	53,843,655.26	157,993,218.66

#### Operational Fund

Name	Previous year	Current Year Collection	Total	Expenditure	Remaining
Clean Development Mechanism	1,042,354,154.78	265,604,488.34	1,307,958,643.12	-	1,307,958,643.12
Additional Subsidy	150,675,438.49	128,442,490.70	279,118,229.19	104,101,496.00	175,016,733.19
<b>Total</b>	<b>1,193,029,593.27</b>	<b>394,046,979.04</b>	<b>1,587,076,872.31</b>	<b>104,101,496.00</b>	<b>1,482,975,376.31</b>

<sup>1</sup> Source: OAG Preliminary Report 2075/76

**Others**

<b>Description</b>	<b>Previous year balance</b>	<b>Current Year Collection</b>	<b>Total</b>	<b>Expenditure</b>	<b>Remaining</b>
National Rural Renewable Energy Program (NRREP)	310,620,409.88	18,371,281.69	328,991,691.57	69,674,973.40	259,316,718.17
Central Renewable energy Fund (CREF)	3,055,193,318.60	5,121,508,045.21	8,176,701,363.81	4,787,411,286.59	3,389,290,077.23
<b>Total</b>	<b>3,365,813,728.48</b>	<b>5,139,879,326.90</b>	<b>8,505,693,055.38</b>	<b>4,857,086,259.99</b>	<b>3,648,606,795.40</b>

**Arrears**

<b>Classification of Arrear</b>	<b>Total</b>	<b>Remaining</b>	<b>Settled</b>	<b>Total Remaining</b>
For collection/recovery (In Nepali: Asul Upar)	60,557,000/-	60,557,000/-	0	60,557,000/-
To be regularized (In Nepali: Niyamit)	65,063,000/-	65,063,000/-	0	65,063,000/-
Evidence to be submitted (In Nepali: Praman)	37,559,000/-	37,559,000/-	18,086,000/-	19,473,000/-
Remaining Advance (In Nepali: Peski)	226,441,000/-	226,441,000/-	0	226,441,000/-
<b>Total</b>	<b>389,620,000/-</b>	<b>389,620,000/-</b>	<b>18,086,000/-</b>	<b>371,534,000/-</b>

### 3 Findings/Recommendations, Response and Status of OAG Preliminary Reports

#### 3.1 Preliminary Report 2075/76 (2018/19)

S.No.	Issues/Findings	Status as on 22 <sup>nd</sup> January, 2020 OAG Preliminary Report	Management Response as on 23 <sup>rd</sup> February, 2020	Status as on November/December 2020
1	<b>PR75/76-6. Lower work completion rate:</b> The ITB 39.1 of the standard bid document allows for 15% deviation on contracted work. In the case of the six packages developed for the construction of four cubic metre household biogas plant for the disadvantaged group including dalits, indigenous, under extinction people, the contract for package number six shows lower quantity of biogas plant installation than the contracted quantity. It shows a deviation of 18.65% on the lower side than the actual contracted quantity. Further, based on the number of installation at the mountainous, hilly and plain regions, under package number 6 Nepal Urja and Manaslu JV has installed 457 plants in the plains instead of 225 plants	Open	<p>The management has stated that the prior to the installation and construction of the biogas plants, the contracted companies are to assess the technical feasibility for the installations where in the beneficiary households are required to meet the following criterion availability of at least one cattle, availability of unskilled labor and willingness for the installation of the biogas plant.</p> <p>Post the contract, AEPC formally requested the Local Governments for the identification and selection of the households for the installation and to provide recommendations after the completion of the installation</p>	Open

	<p>stated in the contract, installed 235 plants in the hilly region instead of 563 plants stated in the contract and installed 69 plants in the mountainous region instead of 104 plants stated in the contract. Hence, the installations of plants at lower by 18.65% at NPR. 11,996,080/- is opposed to the actual contract for the package. The detail is given below:</p>	<p>work.</p> <p>During the procedure, a bidder Hetauda/Madhya Tarai/Nagarik Energy JV raised the concern regarding insufficient number of installations based on the criterion at the selected local level under the contract. Hence, it had requested for the approval of the installations at different local levels for the insufficient number of installations. Bagnaskali Rural Municipality, Palpa of Province five under the package number five as per the initial contract had shown insufficient number of demand for the installation due to various reasons. Hence, a request for substitution for installations at Rainadevi Chahara Rural Municipality, Palpa of Province five had been received. Similarly other bidders had notified AEPC on the insufficient installations as opposed to the contract at various other selected local levels.</p> <p>Based on the fact of insufficient number of demands for the biogas plants as the various local levels, on 2076/02/19 AEPC had directed the contractors to substitute the local levels with insufficient demands. AEPC had also received letters from the local levels</p>	
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15<sup>th</sup> December, 2020

			sighting the insufficient demands for the installations.  This substitution of local levels has significantly reduced the deviation stated at 18.65%, had there been no such substitutions, the number of installations would have been further low. Hence, based on the justification provided, AEPC has requested for the settlement of the arrears.					
Installer Company	Package No	No. of installation as per the contract	No. of actual installations	Contract Amount	Actual amount disbursed	% Lower work completion	Lower Amount in NPR.	
Nepal Urja and Manaslu JV	6	892	761	64,306,040/-	52,309,960/-	18.65	11,996,080/-	
2	<b>PR75/76-7. Other Expenditure:</b> As per the Financial Procedure Act 2055, Clause 27(1), fund received by the entity can only be spent on the allocated activities and if it is found that the expenditures have been made for other purposes than allocation, the responsible personnel is required to settle the amount and possibly face departmental action. As per the letters dated 2075/8/11 and 2075/10/21 from the Ministry of Energy, Water		Open	The management has stated AEPC had provided the items as per the direction of the Ministry and the required record of the handover has now been prepared on some of items where the deduction on the stock register and handover form had not been maintained earlier.			Open	



	Resources and Irrigation, for the utilization of the Ministry a television costing NPR. 93,790/-, four laptops costing NPR. 560,156.96, one camera costing NPR. 167,240/- and a scooter costing NPR. 197,900/- totaling NPR. 1,019,089/- had been paid from AEPC budget heading. The items though handed over to the Ministry, the record of related to the deduction of the inventory has not been maintained. Hence the total amount needs to be regularized.			
3	<b>PR75/76-8. Detailed Survey Design:</b> Rule 22(1) of Financial Procedures Regulation, 2064 states that for the implementation of approved project, cost estimation needs to be prepared based on the detailed survey and drawing design of the project. The cost estimate of NPR. 87,941,016/- has been approved for Simrutu mini hydropower, Rukum 200 kW under the SASEC Program sans the detailed survey design. Contract worth NPR. 67,906,025/- which was 22.78% less than the cost estimate had been signed initially with M S Gaura Construction Pvt. Ltd./Hydro energy concern Pvt. Ltd. Later including a variation 9.8% resulting in an increase	Open	The Simrutu Khola Small Hydropower project of 200 kW located at Ruga in Rukum District is the first mini hydro project of the off-grid component under the South Asia Sub-Regional Economic Cooperation Project with the support from the Asian Development Bank. 1,386 households will benefit from this project. However, the number of beneficiary households is estimated to reach 2,400. The project will cover the households of Ruga, Khara, Bhalacha and Muru in Rukum district. The total cost of the project is Rs. 87,941,016/- (excluding VAT) was approved by the Asian Development Bank on July 8, 2016 on the recommendation of the AEPC.	Open

<p>of NPR. 6,660,365.20 taking the total to NPR. 74,566,390/- in the amended contract. It has been stated that the variation has occurred as the cost estimate lacked the work involving the excavation of hard rock on the headrace canal and approach canal. This has been the result of not having the detailed design document in the first place. The excavation of hard rock for 5,744.23 cubic metre at the district rate of NPR. 1,159.49 have resulted in the acceptance of total variation of NPR. 6,660,365.20, however up to IPC number 12, NPR. 9,172,006.51 has been disbursed for 7,910.38 cubic metre. Thus, the quantity of excavation of the hard rock has also been increased. Since, the contract value has been reduced by 22.78 percent, the additional work on hard rock excavation has not been reduced in the same proportion. The rate of excavation Rs. 1159.49 as per 22.78 percent decline should have reduced to Rs. 895.35. Based on the reduced rate, NPR. 7,082,558.73 should have been paid but in actual NPR 9,172,006.51 has been disbursed as per the district rate. Hence, due to the non-competition in the rate of new item of hard rock</p>	<p>An agreement was signed between Simrutu Jal Bidyut Sanstha Limited and the Center on December 24, 2016 for the implementation of the plan and the tender was prepared and approved on July 3, 2016 as per the Contract Operations Director of the Asian Bank. . Bid notice was published in Kathmandu Post National Daily on July 15, 2016. During the bidding analysis, Gaura Construction and Hydro Energy J.V. passed the technical evaluation and based on their lowest bid amount, the J.V. was selected as the contractor. The contract agreement amount was NPR. 67,906,025 / - which was 19.81 percent less than the cost estimate and construction started on December 29, 2016.</p> <p>As the construction progressed, hard rock was discovered on the foundation of the Headrace Canal. A meeting was held between the two parties on July 17, 2017 on the hard rock excavation not being included in the BOQ of the contract agreement. The meeting decided on including the hard rock excavation as a new item in the BOQ. As per the agreement, the variation including the estimate of the new item was demanded from the contractor on</p>	
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	excavation NPR. 2,089,447.78 is seen as an additional burden on the total expenditure.		<p>January 12, 2018. The on-site survey of the project was conducted from February 10 to 14, 2018 in the presence of the contractor company and the technical representatives of the centre. Based on the survey, the results of detailed additional work were drawn up and various rates were analyzed. The rate submitted by the contractor company was NPR. 1,945.56, comparing it to the rate of NPR. 1342.63 as per the contract and the district rate of NPR.1,159.59, it was found that the district rate to be the lowest. Hence, the agreement with the contractor was signed on May 11, 2018 which was approved by the Asian Development Bank on June 6, 2018. Further calculated on the basis on 19.56 % variation, it led to a rate of NPR. 1,560.44 which was higher than the district rate, hence the district rate was approved. As it was Asian Development Bank fund, which required pre-approval on all disbursements and variations from bank, which have been duly given by the bank.</p>	
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			<table><tr><td colspan="3">Variation Order:</td></tr><tr><td>S.N</td><td>Description</td><td>Amount (excl. VAT)</td></tr><tr><td>1.</td><td>Original Amount</td><td>67,906,025.00</td></tr><tr><td>2.</td><td>Additional amount due to variation order</td><td>16,660,365.20</td></tr><tr><td>3.</td><td>Final Contract amount</td><td>74,566,390.00</td></tr></table>	Variation Order:			S.N	Description	Amount (excl. VAT)	1.	Original Amount	67,906,025.00	2.	Additional amount due to variation order	16,660,365.20	3.	Final Contract amount	74,566,390.00	
Variation Order:																			
S.N	Description	Amount (excl. VAT)																	
1.	Original Amount	67,906,025.00																	
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4	<p><b>PR75/76-9: Cost Estimation of Solar Installation</b> - Reference Price List of Renewable Energy Technology are made public by the centre. Based on which, centre has estimated the cost of solar home system. Due to the high cost required on transportation of equipments in remote, inaccessible areas, the reference price varies between the mountains, hills and lowlands.</p> <p>However, common rate of NPR. 9,750 / - for 20Wp solar has been approved for mountains, hills and lowlands during the cost estimation for installation of 15,000 solar home systems totaling to NPR. 146,250,000/-. It has been observed that the reference price list indicates a 7.1</p>	Open	<p>The annual approved budget of AEPC had a program to install solar home systems on the homes of 15,000 targeted groups. The demand for the installations was collected by publishing the notice on national dailies from local levels across the country. Cluster wise approach with province based six clusters was applied for the bidding of 15,000 systems to avoid limited competition. During the preparation of clusters according to the province, as the clusters had a combination of places from the mountains, hills and lowlands and as the installation was to be provided by companies selected for each of the cluster, the cost estimate had been prepared</p>	Open															

	<p>% decrease in the rate of aforementioned system at lowlands compared to the mountains.</p> <p>Out of 15,000, the cost of installing solar home system in Nawalparasi, Parsa, Rautahat, Sarlahi, Jhapa, Morang and other Terai (lowlands) includes cost estimate for 4326 solar home system at lowlands. This has resulted at an increased rate of NPR. 692.95 per system for the 4,326 systems totaling NPR. 2,994,673.50.</p>		<p>maintaining an average rate of the system.</p> <p>The installation was carried out by inviting bids on the basis of the aforementioned cost estimate and the rate was based as per the received bids. Shree Surya Roshani Industrial Pvt. Ltd. for cluster 1, 2 and 3 at NPR 7,800 and CRCC Solar Homes Pvt. Ltd. for clusters 4,5 and 6 at NPR. 9,150 were selected</p> <p>As the cluster included places from the mountains, hills and lowlands with the cost estimate was set at an average rate and allowing adequate level of market competition. The management requests for settlement of the arrear.</p>	
5	<p><b>PR75/76-11: Awareness Campaign-</b> Rule 19 (1) of the Public Procurement Regulation, 2064 states procurements by public entities are to be made through VAT registered firms. It was observed that AEPC had disbursed NPR. 500,000 each to the National Association of Rural Municipality and Municipal Association of Nepal for the implementation of the programs related to renewable energy at the local level. However, National Association of Rural Municipality and Municipal Association of</p>	Open	<p>The National Association of Rural Municipality has provided a copy of their income tax exemption certificate and Municipal Association of Nepal has been duly notified to either submit evidence on tax exemption or to submit the required taxable amount. Hence, based on the exemption certificate received from the National Association of Rural Municipality, AEPC requests for the settlement of the portion of the amount related to the same.</p>	Open

	Nepal are not registered under the VAT provision. It was also noted that the advance tax deduction applicable at 15% as per the Income Tax Act 2058 Clause 88(1) amounting to NPR. 150,000/- had not be deducted during the disbursement.			
6.	<b>PR75/76-12: Invoice as per the rules</b> - Section 14 of the Value Added Tax Act, 2052 states every VAT registered firm are to issue printed invoice as per the format provide in Annex 5 of the VAT Regulations, 2053. Is It was found that an additional grant of Rs. 5,676,080.40 (including value added tax) has been deposited in the project account of the sick project for the Labur Khola Micro Hydropower Project. The invoice for the hydropower project has been provided by the construction company for the project H A Hydropower Pvt. Ltd. However, it is noted that the account number 3023438380 and the invoice number 14 is hand written. As the invoice number is hand written, it indicates the risk of non-deposit of VAT amount NPR. 653,000.40	Open	The respective company has been notified to present the VAT adjustment letter and will be submitted as soon as the letter is received.	Open
7.	<b>PR75/76-15: Overhead in consulting services-</b> Rule 12	Open	As per the Rule 12 (1) and Rule 9 (3) of the Public	Open.

	(1) of the Public Procurement Regulations 2064 states that while preparing the cost estimate for consulting services, the rate of consultant, travelling expenses, lodging expenses, purchase, reporting, translation and printing expenses need to be incorporated. AEPC has conducted third party monitoring of various renewable energy technologies through the hiring of third party consultants and approved the cost estimate of NPR. 22,665,338/- The estimate includes rate of the resources, travelling expenses, stationary and photocopy expenses along with an overhead of 10% of NPR. 799,080/-. It is stated in the rule that overhead expenditure cannot be included while preparing the estimates of consulting services.		Procurement Regulations 2064, instead of including the management expense, overhead expenses was mistakenly presented in the estimate and is less than 5% as stipulated for the management expenses. Hence, the cost estimation has been as per the threshold and has no material impact on the cost estimation.	
8	<b>PR75/76-16: Cost Estimation for installation of improved cook stoves</b> - Rule 11 (2) of the Public Procurement Regulations, 2064 states that the actual cost incurred in the previous years and local prevailing rates should be referred to while preparing the cost estimates. AEPC has approved the cost estimate of Rs. 18,872,469/- for 2,100 stoves at the rate of NPR. 7,953	Open	Based on demand received from the remote areas of Karnali Province, the installer company was selected as per the electronic bidding process post the publication of the notice in a National Daily. This implies that the installer company has been selected based on the adequate market competition.	Open

	<p>based on the MRP set by AEPC. An additional, 10 percent has been added to the MRP for marketing and promotion. While selecting the company based on the bidding procedure, the cost of marketing and promotion has not been reduced. The cost of quality testing NPR. 2,097,000/- provided to Renewable Energy Testing Station was not deducted while preparing the cost estimate. Thus, the cost estimation should have been NPR. 7,038/- derived from the MRP of NPR. 7,953/- less NPR. 914.59 taking in to account the 10% for marketing and promotion and 1.5% for quality testing.</p> <p>Hence an additional NPR. 2,151,115.68/- has been disbursed to NE J GE JV for including the variation taking the total to 2,352 systems not taking into the account of 11.5%.</p>		<p>The cost estimate prepared on the basis of the MRP has been discussed in the Technical and Financial Management Committee of AEPC and the cost estimate has been approved as per the recommendation of the committee.</p> <p>The quality testing system of the improved stove for household use at an altitude of more than 1,500 meters for cooking and heating requires a new set of procedures. The testing has been handed over to the Renewable Energy Testing Station, a statutory body of the Government of Nepal to test such nature of equipments. The testing is done via random sample test representing the entire system to be installed. As there is only provision of Product Introduction Test while determining the MRP, it is request to settle the given arrear.</p>	
9	PR75/76-21: Cost Estimation- Article 5 (1) of the Public Procurement Act, 2063 states the procedures for preparing cost estimate for procurements by public bodies. Except the cost estimate as per sub-section (5) of section 5A has to be revised for special reasons as	Open	The wind solar hybrid system for electrification at Mityal, Palpa involved 80% contribution of the federal government and 20% contribution of the local government. The system was installed as per the request received from the local level.	Open



<p>specified, once approved if the cost estimate has been revised resulting in more than twenty five percent from the initial estimate, is erroneous or an improper cost estimate is prepared affecting the procurement, the officials who prepare, evaluate or approve the cost estimate including the consultants involved will be a party to the action as per the prevailing law.</p> <p>Bids have been invited for the supply, delivery, installation, testing and commissioning of 25 kW of wind solar power system at Mityal, Palpa on 12/12/2074 at a cost estimate of Rs. 17,464,466/-.</p> <p>Among all the 4 bids were received, the cost of all the bids was much higher than the estimate. Due to which new cost estimate was found to be prepared by taking new price list as the reference.</p> <p>The new cost estimate of Rs. 24,811,213/- approved by the executive director on 2074/12/25 was more than 42 percent than the old cost estimate. Examination of the cost estimate did not reveal any specific reason for revising the cost estimate. As the cost has increased due</p>	<p>When the bids were called for the first time, bids were of higher amount than the amount approved by AEPC. After that, the respective section requested the technical experts to assess the reason for bids received on the higher side. The assesment experts concluded that the BOQ was missing some of the important equipments, and the quoted price of the existing equipments was also lower than the current market price. Based on this conclusion, the a new BOQ and cost estimation was prepared and the bids were called for the second time.</p> <p>The project has been completed at the special request of the local government with the intention of providing service to the people of rural Palpa lacking electricity service. Also, when the local government was informed that the tender would be canceled and the program would be held in the new financial year. As the budget for the project had been allocated, it was requested to complete the project in the same financial year. The bids have been invited for the second time for the project to ensure that the rural people get electricity service one year in advance</p>	
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	to the revised cost estimate, the responsible officials / employees involved will have to be taken action as per the appropriate provision of the Act for NPR. 7,346,747/-		The electricity generated from the project powered by the wind-solar system is currently being used by local consumers and various media outlets have cover the news of effectiveness of the system and as a role model project. As the public procurement process has been completed selecting the lowest bidder allowing a competing environment in the bidding process. It is requested settle the arrear based on this response.	
10	<b>PR75/76-22: Monitoring and Penalty:</b> Subsidy delivery mechanism 2073 Clause 10.1 states that that one year after the subsidy disbursement for solar home systems, ten percent samples will be taken from the installed and monitoring is to be conducted through an independent third party monitor There are various provisions of penalty with 200% for claims without any installations, duplication of subsidy request for the same system; 50% on systems without serial number in the panel, connected in the name of two members of the same family and 5% on systems with mismatching battery numbers and non-disclosure of subsidy received in part for the same	Open	The fiscal year 2073/74 had total penalty amount of NPR. 15,369,367.07, out of which NPR. 1,733,530.33 has been collected. The process for collecting the remaining penalty is underway and shall be deposited in the consolidated fund	Open.

	installations.  As per the stipulation, AEPC is yet to collect the required penalty amount NPR. 13,735,836.29 form the following 44 companies that have been penalized during the fiscal year 2073/74																																																																																																																					
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	19.	Topsun Energy Pvt. Ltd.	2,635.00	42.	Sun-Tech Energy Pvt. Ltd.	26,005.00	
	20.	Unique Nepal Solar Power Pvt. Ltd.	306,779.13	43.	Clean Homes Investment Pvt. Ltd.	1,150.00	
	21.	Bio Energy Pvt. Ltd.	146,300.00	44.	Laser Sun Energy Pvt. Ltd.	361,515.00	
	22.	Divya Urja Pvt. Ltd.	132,188.57	<b>Grand Total: 13,735, 836.39</b>			
	23.	Energy Pravardhan Company Pvt. Ltd.	11,837.14				
11.	<b>PR75/76-24: Penalty:</b> 7,763 solar home systems were monitored and evaluated through independent monitors in the Fiscal Year 2074/75. The monitoring task was segregated in 14 lots . Although the consultant has completed the monitoring and evaluation work as per the agreement, the calculation of the amount of penalty for deviation from the monitoring has been delayed. As of the audit period up until 2076/8/9, fines for the deviation have been calculated for only two companies. Rest remains to be calculated. Among the calculated deviations, NPR. 4,140,889.83 for deviations in 59 systems has to recovered from Scientific Technology Pvt. Ltd.		Open	The process on collection of fines is ongoing. Post receiving the monitoring report of 7,763 different systems connected in different places across the country; the photographs, battery, serial number, serial number of the solar panel needs to be checked and verified along with the relevant minutes/deeds. Further, the provision of joint monitoring if opted by the installer company needs to be considered as well. Hence the completion of the process requires a significant amount of time.  As in the past, the amount from Scientific Technology Pvt. Ltd. will be recovered via deducting the amount from the regular subsidy.		Open	
12.	<b>PR75/76-27 Service Contract:</b> According to the Operation Directive 2075 of the Ministry of Finance, consent has to be obtained for the creation of temporary		Open	The staffing at the AEPC is low compared to the high work load. Hence contractual hiring have been made to whom remuneration has been disbursed without affecting		Closed. Based on the evidence and response provided, the OAG has	

15<sup>th</sup> December, 2020

	positions. Out of the total 54 sanctioned posts to implement various programs under AEPC, 44 posts have been filled and 10 posts are vacant. Noting that there is a shortage of manpower, a total of 92 people including 61 engineers seventh level, officers seventh and sixth level and assistants fifth level have been appointed on the basis of open competition. This year, NPR. 18,085,999/- has been disbursed as remunerations to the contractual staffs. The remuneration has been accounted to budget heading 26423 conditional capital grant and budget heading 22522 program expenditure. It is noted that AEPC lacks sanctioned positions and the amount NPR. 18,085,999/- has been accounted for budgets headings which do not match to the expenditure..		the targets of the respective budget heads and programs . Further due diligence has been taken to ensure that the amount do not exceed the 2.5% contingency threshold.	settled arrear as per the letter dated 2077/4/7, No. 2076/77 18
13	<b>PR75/76-33 Advance-</b> Pursuant to Rule 743 of the Financial Procedure Regulations, 2064, it is stated that the advance taken by the government or other personnel, firms, associations or institutions needs to be settled as per the procedures set in the Regulations. The advance provided by AEPC to the following persons, Municipality Offices and other companies amounting to	Open	Out of the remaining advances, NPR. 81,406 and NPR. 27,065 with a total of 108,471 has been deposited in the revenue head 15111 (arrears account) through bank vouchers no. 3629804 dated 2076/11/04. Hence, it is requested to verify and settle the aforementioned amount	Open

	NPR. 111,440,415 has not been settled up until the audit period.		For the remainder of the advances, AEPC is in the process to receive the work completion report for their settlements.																																																																												
	<table><tr><th>Date</th><th>Name of Personnel/Firm/Company (Advance)</th><th>Amount</th></tr><tr><td>2076/3/27</td><td>Kathekhola Rural Municipality</td><td>1,200,000.00</td></tr><tr><td>2076/3/27</td><td>Lahan Municipality</td><td>1,200,000.00</td></tr><tr><td>2076/3/27</td><td>Bhimeshwar Municipality</td><td>2,400,000.00</td></tr><tr><td>2076/3/27</td><td>Suryabinayak Municipality</td><td>1,500,000.00</td></tr><tr><td>2076/3/27</td><td>Rajpur Municipality</td><td>420,000.00</td></tr><tr><td>2076/3/27</td><td>Gorkha Municipality</td><td>600,000.00</td></tr><tr><td>2076/3/27</td><td>Runtigadi Rural Municipality</td><td>700,000.00</td></tr><tr><td>2076/3/27</td><td>Byas Rural Municipality</td><td>350,000.00</td></tr><tr><td>2076/3/27</td><td>Bhimdutta Municipality</td><td>1,200,000.00</td></tr><tr><td>2076/3/27</td><td>Bharatpur Metropolitan City</td><td>120,000.00</td></tr><tr><td>2076/3/27</td><td>Mahagadimai Municipality</td><td>1,800,000.00</td></tr><tr><td>2076/3/27</td><td>Buddhashanti Rural Municipality</td><td>2,100,000.00</td></tr><tr><td>2076/3/27</td><td>Ichyakamana Rural Municipality</td><td>1,050,000.00</td></tr><tr><td>2076/3/27</td><td>Sunil Smriti Rural Municipality</td><td>700,000.00</td></tr><tr><td>2076/3/27</td><td>Panini Rural Municipality</td><td>700,000.00</td></tr><tr><td>2076/3/27</td><td>Thawang Rural Municipality</td><td>700,000.00</td></tr><tr><td>2076/3/27</td><td>Madi Rural Municipality</td><td>1,400,000.00</td></tr><tr><td>2076/3/27</td><td>Ratuwamai Municipality</td><td>300,000.00</td></tr><tr><td>2076/3/27</td><td>Chandranagar Rural Municipality</td><td>1,200,000.00</td></tr><tr><td>2076/3/27</td><td>Kamal Rural Municipality</td><td>1,050,000.00</td></tr><tr><td>2076/3/27</td><td>Budhanilkantha Municipality</td><td>300,000.00</td></tr><tr><td>2076/3/27</td><td>Shahid Lakhani Rural Municipality</td><td>1,750,000.00</td></tr><tr><td>2076/3/27</td><td>Durga Bhagwati Rural Municipality</td><td>700,000.00</td></tr><tr><td>2076/3/27</td><td>Kankai Municipality</td><td>1,200,000.00</td></tr></table>			Date	Name of Personnel/Firm/Company (Advance)	Amount	2076/3/27	Kathekhola Rural Municipality	1,200,000.00	2076/3/27	Lahan Municipality	1,200,000.00	2076/3/27	Bhimeshwar Municipality	2,400,000.00	2076/3/27	Suryabinayak Municipality	1,500,000.00	2076/3/27	Rajpur Municipality	420,000.00	2076/3/27	Gorkha Municipality	600,000.00	2076/3/27	Runtigadi Rural Municipality	700,000.00	2076/3/27	Byas Rural Municipality	350,000.00	2076/3/27	Bhimdutta Municipality	1,200,000.00	2076/3/27	Bharatpur Metropolitan City	120,000.00	2076/3/27	Mahagadimai Municipality	1,800,000.00	2076/3/27	Buddhashanti Rural Municipality	2,100,000.00	2076/3/27	Ichyakamana Rural Municipality	1,050,000.00	2076/3/27	Sunil Smriti Rural Municipality	700,000.00	2076/3/27	Panini Rural Municipality	700,000.00	2076/3/27	Thawang Rural Municipality	700,000.00	2076/3/27	Madi Rural Municipality	1,400,000.00	2076/3/27	Ratuwamai Municipality	300,000.00	2076/3/27	Chandranagar Rural Municipality	1,200,000.00	2076/3/27	Kamal Rural Municipality	1,050,000.00	2076/3/27	Budhanilkantha Municipality	300,000.00	2076/3/27	Shahid Lakhani Rural Municipality	1,750,000.00	2076/3/27	Durga Bhagwati Rural Municipality	700,000.00	2076/3/27	Kankai Municipality	1,200,000.00	
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	2075/11/08	Ramesh Prasad Danai	104,500.00		
	2076/01/03	Santosh Rai	81,406.00		
	2076/03/11	Pritam Wangdi Lama	24,316.00		
	2075/11/08	Santosh Rai	26,065.00		
	Under SASEC	Fewa Construction	27,200,000.00		
		Gham Power Nepal Pvt. Ltd.	1,186,342.00		
		Cosmic Reno JV	20,048,859.00		
		Fewa Mega JV	17,882,350.00		
		Fewa Mega JV(Khatyad 1)	17,606,244.00		
		Gaura Hydro Energy Concern J.V.	2,639,330.00		
		<b>Total</b>	<b>111,440,415.00</b>		
14.	<b>PR75/76-44 Refund of security deposit without VAT adjustment letter:</b> Rule 124 (2) of the Public Procurement Regulations 2064 states the refund of security deposits requires the provision of submitting tax statement to the Inland Revenue Office. It was noted that Matribhumi Urja Pvt. Ltd. was refunded security deposit amounting to NPR.116,715/- without receiving record of the firm submitting their tax statement to the Inland Revenue Office.		Open	The tax clearance certificate from the firm will be requested and submitted for review	Open

## 4 Progress Assessment Compliance Review 2nd Trimester 2076/77 (2019/20)

This section documents the status of Compliance Review for the Second Trimester 2019/20 report dated April, 2020. The issues closed by that report are not included here. 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 : Level of Progress**

Progress Level	Description
High Progress	Represents a situation where the issues identified have been closed by AEPC management and approval obtained from the Office of Auditor General (OAG)
Medium	Represents a situation where the issues identified have been closed 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	↔

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 SubCommittee. 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 based on the duties of the Compliance and Ethics Sub-Committee**

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



Table 4: Second Trimester Assessment (FY 2019/20)

TAs	S.N	Findings	Progress as of April, 2020	Progress as of December 2020	Δ	Evidence/Assesment as of December, 2020
FR, ICRM & IA	1.	<b>PR7475-7 Non completion of work: Voucher No: 322-2075/3/6 and 384-2075/3/22:</b> 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. 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/	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 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. The status on 25th September was that a letter had been sent to the service provider along with the format of work completion report.  As of December 2020: Status quo
FR, ICRM & IA	2	<b>PR7475-8 Subsidy Utilization:</b> 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. 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	Low	Low	↔	The management response stated that The 200 cubic metre biogas pipeline at Shree Krishna Gausena Sadan is in operation. As Biratnagar Submetropolitan 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. As of 25th September, 2019 a letter has been sent to Biratnagar SubMetropolitan City Officer

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		completion report, it could not be ascertained whether the amount provided had been used for stated activity				along with the format of work completion report.  As of December 2020: Status quo
FR, ICRM & IA	3.	<b>PR7475-9 Adjustment of Value Added Tax:</b> 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. While searching the Inland Revenue Office website, some construction agencies had not submitted the 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.	Low	Low	↔	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.  As of December 2020: Status quo
CoE	4.	<b>PR7475-10 Appointment of Consultant:</b> Examining the complaint received on hiring of personnel sanctioned ineligible by the special court on the case of corruption on contractual basis, A consultant 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 the consultant 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 Decemeber, 2020 the recovery of NPR. 42,500/- was in process.
ICRM	5.	<b>PR7475-12 Disbursement of remuneration:</b> 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 16th July 2017 to 30th 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	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

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		additional amount of NPR. 1,150,865/- is not consistent with the approved amount.				disbursement from the line ministry and submit for the settlement of the arrear. As of December, 2020 AEPC was yet to obtain the letter of approval.
FR, ICRM & IA	6.	<b>PR7475-14 Direct Purchase:</b> Article 8 of the Public Procurement Act, 2063 states that the 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.	Low	Low	↔	The management response stated that AEPC could not foresee the requirement of 11 laptops at the 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.  As of December, 2020: Status quo.
FR	7	<b>PR7475-15 Payment made without disbursement details:</b> 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. As of December, 2020 the necessary report has been prepared, submitted to the Ministry.
ICRM	8	<b>PR7475-16 Advance:</b> Article 74.3 of the Financial Procedure Regulation 2064 states the settlement of the advance as per the stipulations stated in the regulation. As of the audit period, the following advances amounting to NPR.50,010,337/- is yet to be settled	Medium	Medium	↑+	The management response stated that settlement of advance is in process and will be submitted as soon as the necessary documents are received for its settlement. As of September, 2019 NPR. 11,100,000/- has been settled. As of December, 2020, NPR. 11,193,750/- has been settled

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						from Gaura Construction Pvt. Ltd. and Hydro. OAG letter dated 2077/3/19, letter number 2076/77 344
Biogas Credit Fund						
FR, ICRM & IA	9	<b>PR7475-35.2</b> 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 December, 2020: Status quo
FR, ICRM & IA	10	<b>PR7475-37 Refund of Security Deposit:</b> 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 December, 2020: Status quo
FR, ICRM & IA	11.	<b>PR7475-38 Refund of security deposit without VAT adjustment letter:</b> As provisioned by regulation 124(2) of the Public Procurement Regulation 2064, the security deposit of construction enterprises is to be refunded	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. 1,600,000 has been settled with approval yet to be received from OAG.

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		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:				As of December, 2020: Status quo
OAG Preliminary Report 2073/74						
FR, ICRM, & IA	12	<b>PR7374-11.1</b> To prepare the estimate 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 that the quotation received was lower than the estimated amount. During the contract signing as the schools demanded 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 December, 2020: Status quo
FR, ICRM, & IA	13.	<b>PR7374-17:</b> Payments made without invoices/supporting documents: NPR.1,710,400 disbursed to 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 remaing amount is NPR. 910,400/-  As on December, 2020: Status quo
ICRM	14.	<b>PR7374-19: Advances:</b> 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	High	↑+	Closed. 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.  As of December, 2020 the

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						remaining NPR.169,938/- from Birat Energy Pvt. Ltd. received and closed as per the letter dated 2077/3/19 No. 344 from OAG.
FR & ICRM	15.	<b>PR7374-24: Disbursement of additional facilities beyond the terms of contract:</b> 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	↔	The cases have been justified based on arrangements as necessary. Justification is yet to be achieved for NPR. 41,666.  As of December, 2020: Status quo
FR & ICRM	16.	<b>PR7374-26: Reimbursement:</b> 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	High	↑+	Closed. 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 December, 2020: Letter obtained from OAG dated 2077/3/19 no. 344 for the settlement of the arrear.
ICRM	17.	<b>PR7374-31.1</b> 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 December, 2020: Status quo
FR, ICRM & IA	18	<b>PR7374-31.2:</b> NPR.24,253/- was paid for motorcycle repair on the basis of the estimate to a person. The motorcycle is not registered in the name of the AEPC. The budget of AEPC is not meant for personal assets repair; hence, the	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.



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		payment is not regular				As of December, 2020: Status quo
ICRM	19.	<b>PR7374-41.1: Retention Money.</b> As per the 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 of retention money NPR.5,310,291/-is not regular	Medium	High	↑+	<p>Closed.</p> <p>As of September, 2019 The Ministry is yet to approve and has requested for monitoring evidence.</p> <p>As of November, 2019: The Ministry has approved it but the OAG approval is yet to be obtained.</p> <p>As of December, 2020: Closed with the letter from OAG dated 2077/3/19 No. 344.</p>
FR, ICRM & IA	20.	<b>PR7374-50.1:</b> As per Section 5.1.3 of Renewable Energy subsidy Delivery Mechanism 2070, random sampling monitoring of at least 10% solar home system installed by various 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	Medium	Medium	↑+	<p>As of 25th September, 2019 Total amount recovered until 04-032075 is NPR 30,486,449.60/- and balance NPR. 17,365,359.59 needs to be recovered as soon as possible.</p> <p>Out of the total Total: 47,851,809.19 The remaining amount is NPR. 5,428,679.86</p> <p>The remaining amount as of the 25th Sep, 2019 is NPR. 3,179,662.36 is remaining.</p> <p>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</p> <p>As of December, 2020: NPR. 10,265/- has been settled as per the letter dated 2077/3/19 No. 344.</p>

		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 noncompliance of the Subsidy Delivery Mechanism based on the monitoring results of the third parties in 2014/15 and 2015/16				
ICRM	21.	<b>PR7374-50.3:</b> 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 been levied 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 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 December, 2020: Status quo
OAG Preliminary Report 2072/73						
FR& ICRM	22.	<b>PR7273-7: Excess payment over agreement:</b> 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 December, 2020: Status quo
FR & ICRM	23.	<b>PR7273-19.3: Excess Payment:</b> As per public procurement act,	Medium	High	↑+	Closed NPR. 4,800 recovered from Nepal



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		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.				<p>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.</p> <p>As of 25th Sep, 2019 NPR. 78,800.56/- remaining.</p> <p>As of November, 2019: The remainig amount has been received dated 075/12/18 voucher no: 1494957. OAG approval yet to be receive</p> <p>As of December, 2020: OAG letter dated 2077/3/19 No. 344 has closed the findings.</p>
FR & ICRM	24.	<b>PR7273-19.4: TDS not Deducted:</b> 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 to NPR. 1,237,297.72/ has not been deducted	Medium	Medium	↑+	<p>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</p> <p>NPR. 80,497.12 from Krishna grill and engineering 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> <p>As of December, 2020: NPR 8,730 from Nepal Energy Development Pvt. Ltd. as per OAG letter dated 2077/3/19 No. 344</p>
ICRM & IA	25.	<b>PR7273-15: Monitoring, evaluation and penalty:</b> As per RenewableEnergy Subsidy Delivery Mechanismmonitoring of at least 10% sample is done through random sampling basis by third party	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.</p>

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		monitorsThepenalty for the fiscal year 2013/14 amounting toNPR. 53,070,409.56/- has not be collected till the period of statutory audit.				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.  As of December, 2020 NPR. 131,307.73 settled and remaining NPR. 1,196, 186.17/-
OAG Preliminary Report 2071/72						
ICRM	26.	<b>PR7172-16 Alternative Energy omotion Centre (AEPC):</b> TDS has to be deducted from suppliers on supply of solar light charging system during the earth quake amounting to NPR. 936,642/-	Medium	High	↑+	Closed Settlement of NPR. 626,695/- via OAG challani no. 45 dated 2073/08/07 and remaining amount of NPR.306,947/- to be settled.  The total remaining amount till date is 208,812.  As of 25th Sep, 2019, NPR. 25,000/- is remaining. As of November, 2019 the remainig amount has been settled and the OAG approval is yet to be obtained.  As of December, 2020: The remaining amount has been received and settled as per the letter dated 2077/3/19 No. 344
IT Audit						
IA & ICRM	27	<b>CU75-76:</b> Database design documentation not available for SAMS	Medium	Medium	↑+	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  As of December, 2020: SAMS is still in operation and the development of MIS has completed. With the next phase of testing and quality assurance underway.
Internal Audit						
IA	28	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 ongoing.
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**Table 5: Quantification of Progress Level**

Progress Level	Quantity
High Progress	05
Medium	13
Low Progress	10
Total	28

**Table 6: Changes in Trajectory**

Positive progress (↑+)	10
No change (↔)	18
Total	28