

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

Compliance Review 1st Trimester 2019/20
(17th July 2019 to 16th November, 2019)

December, 2019

Contents

Contents.....	1
1 Introduction	2
2 Progress Assessments.....	2
3 Conclusion:.....	23

List of Tables

Table 1: Levels of Progress	2
Table 2: Trajectory of progress	2
Table 3: Basis for coding of findings/issues.....	3
Table 4: 1st Trimester Assessment (F.Y. 2019/20).....	3
Table 5: Quantification of Progress Level.....	23
Table 6: Changes in Trajectory	23

1 Introduction

This report documents the findings and conclusions of the status update of the findings as stated in the *Second Annual Compliance Report* dated 25th September, 2019. The assessment was conducted between 17th November, 2019 and 30th November, 2019 by the Compliance Unit. The assistance offered officials of Alternative Energy Promotion Centre (AEPC) is gratefully acknowledged. This trimester review has been conducted concentrating on the Second Annual Compliance Report and the issues closed by the that report are not included in this assessment except the status quo of issues on principles raised by the report that had been closed by the management response have been assessed. The assessment was carried out against the relevant indicators for progress by assigning ratings of High, Medium nod 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 identiifed have been closed by AEPC management and approval obtained from the Office of Auditor General (OAG)
Medium	Represents a situation where the issues identiifed have been closed by AEPC management but approval yet to be obtained from the OAG also represents a situation where the issues identiifed reflects good progress made
Low Progress	Represents a situation where there is no progress or very less progress made in the the issues identiifed.

This Trimester review report measures the the trajectory of progress since the *Second Annual Compliance 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 April, 2019, 2073/74 dated 26th February, 2018 and Preliminary Report of OAG for fiscal year 2072/73 and 2071/72. The OAG report 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/-. It also includes the major status of IT audit findings conducted in 2018. 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 3: 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)
CU7475	Compliance Unit Findings of fiscal year 2075/76

Table 4: 1st Trimester Assessment (F.Y. 2019/20)

S.N.	Findings/Issues	Progress as of 25th Sep, 2019	Progress as of 29 Nov, 2019	Δ	Evidence/Assesment as of 29th Nov, 2019
1.	PR7475-1 Legal Status: AEPC is institutionalized under the Development Committee Act 2013. An institution set up as the focal point in renewable energy technologies and mobilizing extensive support receive from development partners should be made sustainable with robust legal foundation. AEPC has informed that it is in the process on receiving suggestions and advices from various stakeholder institutions.	High	High	↔	As the issue raised has been closed based on the management response. The issue raised by OAG is a suggestion for ensuring robust legal foundation of AEPC via an Act which is now under the Formation Order. The suggestion was also made during the previous audit periods as well. As of now, the process of the developing the Act (Currently termed Renewable Energy Promotion Centre Bill) has been circulated among stakeholders for extensive feedback. The REPC Bill has received comments and suggestions and AEPC is in the process of incorporating the comments. AEPC has been advocating for the Act, since the very beginning, the promulgation of Acts are also dependent on external factors.
2.	PR7475-2 Status of overall progress: As per AEPC programmes implemented in different fiscal years through renewable energy especially via solar and micro hydro projects, total 18% of the population has access to electricity and 3.6 million of the total of the total population have benefitted from utilizing renewable energy technologies.	High	High	↔	As the finding is an observation of the overall progress status of AEPC rather than a issue, this was closed based on the management response.
3.	PR7475-3 Rule 26 of Financial Procedures Regulation, 2064 states upon receipt of the quarterly progress report, the pertinent	High	High	↔	As the issue raised has been closed based on the management response. The issue raised by OAG is a suggestion to AEPC for timely

29 Nov, 2019

	<p>superior office shall appraise the physical and financial aspects of the trimester progress report to assess whether the progress has been achieved or not as per the budget and program, ensure smooth operation by eliminating roadblocks, supervise and direct and take punitive actions on responsible personnel. As per the approved budget of AEPC under the budget head “3311083 Alternative Energy Promotion Centre” progress amounts to 83.56% in capital expenditures and 85% in current expenditures. While under the budget head “3311103 National Rural Renewable Energy Program” progress amounts to only 56.58%. Under this program the following activities has registered progress below 75% with 7 programs/activities have not been initiated at all, 6 programs/activities have registered progress below 25%, 8 programs/activities have registered progress below 50%, 15 programs/activities have registered progress below 75%. Non-completion of approved budget and program restricts the benefits for the targeted communities and program. Hence AEPC needs to focus its attention on achieving 100% of the stated targets.</p>			<p>execution of budget. This is a principle based suggestion on which AEPC now has finalised the spending procedures and guidelines on donor collaborated funding programs. The constraint of human resources has been adequately addressed with the recruitment process. For the fiscal year 2019/20, AEPC has recruited over 50 personnel for the core program, 13 recruited under the kfw collaborated program on Promotion of Energy Efficiency and Renewable Energy-Component 2 Promotion of Solar Energy and 6 recruited under the world bank supported Nepal Private Sector Led Mini Grid Energy Access Project.</p> <p>The private sector led demand driven approach applies on several activities that had underachieved in the previous fiscal year. As less demand were received, satisfactory progress could not be made. AEPC has identified the issues and the trends in the Renewable energy sector and has ensured that the annual programs devised for 2019/20 are firm and tangible.</p>
4.	<p>PR7475-4 Utilization of international support: The allocated fund based on the agreement with the donors needs to be utilized within the stipulated timeline. The utilization of fund on National Rural Renewable Energy Programme allotted by various development partners has been nominal. Ineffective utilization of donor funds results in underperformance, hence such funds should be utilized effectively to the maximum.</p> <p>The total expenditure of international fund amounts to NRP. 308,771,000/- out of the approved NRP. 1,664,731,000/- raking in only 18.55%.</p> <p>Due to underutilization of the fund received from 2012 to 2017 A.D. under the National Rural Renewable</p>	High	High	<p>↔</p> <p>The issue raised has been closed based on the management response due to lack of procedures and guidelines on donor collaborated funding program. The procedures are in place now which wil ensure timley implementation.</p> <p>On the repatriation made to Denmark and Norway, the donor countries had decided to close their program and July 2017 saw their complete exit. Consequently the unspent fund had to be returned to respective donor partners. However, Government of Nepal has labelled the NRREP as a national program and has continued its implementation.</p>

	Energy Programme, NRP. 1,977,785,000/- has been repatriated to the Denmark and Norway Government during the fiscal year 2075/76 B.S.				
5.	<p>PR7475-5The Financial Procedures Regulation 2064, states that every entity in order to fulfill its' objectives shall set its' targets and formulate budget as per the direction of its line agency and Ministry of Finance's budget ceiling, guideline and circulars. While formulating the budget, based on the format prescribed by the Financial Procedure Regulation 2064, programs should have clear indicators that define the units, quantity, numbers, etc. of the stated activities and sub-activities. Similarly in case of multi-year projects and current programs the formulation of budget should be accompanied with the total cost and quantity of the activities, incurred cost and quantity during the previous fiscal year and cost and quantity determined for the current fiscal year.</p> <p>For the fiscal year 2074/75 in the following activities under the National Rural Renewable Energy Program, targets have been determined based only on percentage while indicators to measure the quantity have not been identified. Analyzing the aforementioned activities, the activities are quantifiable in nature. Setting targets only in percentage withholds from providing the quantitative aspects of the activities. Out of the pre-determined targets, completion percentage of the activities within the stipulated time could not be ascertained. Hence, a systematic procedure should be in place to control the approval of such programs.</p> <p>AEPC has allocated a total of NRs. 510,151,000/- to 13 major programs on a percentage basis. It should focus on determining quantifiable indicators and approve its annual program.</p>	High	High	↔	<p>The concern raised had been closed based on the management response which stated that AEPC has been implementing its annual budget and program based on the Financial Procedure Regulations 2064, supervision of the relevant line ministry and format prescribed by the National Planning Commission. In the context of inconspicuous indicators in some of the programs, due to the technical difficulties seen in practice while measuring some of the activities, the progress has been presented in a lump sum manner.</p> <p>AEPC's annual program and budget for the fiscal year 2076/77 has addressed the issue by fixing tangible indicators in all the budget headings excluding one heading of Management Cost which cannot be quantified and thus has been allotted percentage.</p>
6.	PR7475-6 Centre's long term stability: AEPC is institutionalized	High	High	↔	The same concern had been raised in PR74-76-1 and the same response is

	under the Development Committee Act 2013. AEPC is an institution set up as the focal point in renewable energy technologies and mobilizing extensive support receive from development partners. The Ministry of Finance has made the decision to recommend AEPC as the Central Competent Authority for the Green Climate Fund. Such an institution should be made robust and sustainable with promulgation of necessary Act. This was identified in the previous audit as well but the situation has not improved since then.				applicable here as well.
7.	<p>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 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>	Low	Low	↔	<p>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.</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>
8	<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</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</p>

29 Nov, 2019

	office for installation of 200 cubic meter 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.				submit it for the settlement of the arrear. As of 25 th September, 2019 a letter has been sent to Biratnagar Sub-Metropolitan City Officer along with the format of work completion report. As of November, 2019, the issue remains open.
9.	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. 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 the 25 th September, 2019, the adjustment letters had not been collected. As of November, 2019, the issue remains open. Beside the official letters further the service provider has been followed up via email as well. However no response has been received yet.
10.	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.
11.	PR7475-11 Travelling Expenses: Article 4.1 of the Travelling Expenditure Regulation decrees travelling expenses to be economical and use of transportation that costs lower. AEPC is seen to be providing	High	High	↔	The issue had been closed based on the management response which stated that Due to the decision made by AEPC on immediate intervention required for the assessment of deviation seen on the installation of biogas plant, reserved vehicles were

	reserved vehicles for such purposes. Hence, such expenditure should be curbed and public transportation should be used where available. For example Journal Voucher No: 108-2074/9/5 has made a disbursement of NPR. 237,300/- Services on hiring of vehicle should be acquired on the basis of competition as per the public procurement act by allocation amount to the expenditure heading of hiring vehicles for monitoring and verification.				used for the purpose. AEPC commits that in future, it will use economical method of transportation as much as possible.
12.	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 25th september, 2019 AEPC was yet to obtain the letter of approval. As of November, 2019: Status quo
13.	PR7475-13 Nominal Competition: Contractual procedures should be done ensuring maximum competition. In the context of reconstruction/rehabilitation earthquake affected 4 micro hydro projects, contract number AEPC/CESC/W/NCB/2074/75-02 was first published on 2074/7/15 and stating that the bid registration process was hindered, the bids received were not opened. On 2074/09/07 the notice for the contract was re-published. The re-publication resulted on registration of only one bid for the contract. The cost estimate for the contract amounted to NPR. 11,502,424.10 And the contract has been awarded for 10,954,689.62. The procurement process should be economical and ensure sufficient competition as stated in the Public	High	High	↔	As the issue had been closed based on the management response which stated that to ensure maximum completion, the invitations for bids have been called twice based on the regulation. The selection of the single bid received during the second call (article 26 4(ka) of PPR, 2063) is based on the provision stated in the article 26 2 of PPA 2063. Situations like these are not common and the selection of bid is based on the prevalent act. AEPC has always been committed towards maximum competition in its procurement process. As of November, 2019 procurements notices have been duly published in the national daily as stipulated by the procurement act and regulations. Furthermore, the notices are also available on AEPC website under the bid documents section.

29 Nov, 2019

	Procurement Regulation.				
14.	<p>PR7475-14 Direct Purchase: 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.</p>	Low	Low	↔	<p>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.</p> <p>AEPC had prepared and implemented 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.</p> <p>As of November, 2019 the issue remains open and the preparation of necessary document for the settlement of arrears is underway.</p>
15.	<p>PR7475-15 Payment made without disbursement details: Article 40 of the Financial Procedure Regulation 2064 states that liability should not be 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.</p> <p>The following Journal Vouchers depicts the instance where AEPC has made payments related to previous fiscal year without the necessary prescribed reports which is not consistent with the prevalent procedure and regulations.</p>	Low	Low	↔	<p>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.</p> <p>As of November, 2019 the necessary report has not been prepared, submitted to the Ministry.</p>
16.	<p>PR7475-16 Advance: Article 74.3 of the Financial Procedure Regulation 2064 states the</p>	Medium	Medium	↔	<p>The management response stated that the settlement of advance is in process and will be submitted as soon</p>

29 Nov, 2019

	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				<p>as the necessary documents are received for its settlement.</p> <p>As of 25th 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.</p> <p>As of November, 2019 the settlement of remaining amount is under process and hence the issue remains open with some progress made.</p>
17.	PR7475-18 Budget Expenditure and Progress: SREP with the timeline of 5 years targets to mobilize USD 7,900,000/-. The foreign exchange rate of NPR. 99.93/- amounts to NPR 783,127,000/- in total. Expenditure until the previous fiscal year amounts to NPR. 84,501,302/-. Expenditure amounts to only 11.83% of the total amount allocated for the current fiscal year. In this fourth year of the program out of the total five years, the financial progress is nominal amounting to NPR 145,839,657.25 i.e.18.62%	High	High	↔	<p>The project implementation had been affected by earthquake, project structuring and land acquisition which had delayed it 1.5 years. Progress in the fiscal year 75/76 amounts to 23%. As the issue had been closed based on the management response, the external factors contributing to its delay had been considered to close the issue raised.</p>
18.	PR7475-20 Reimbursement not claimed: Article 37 of the Financial Procedure Regulation 2064 states that the amount expended from government fund as a reimbursable fund from the donor agency should be reimbursed within 45 days based on the agreement with the donor agency. NPR. 48,480,792/- from IDA Grant No TF 016552 NP is yet to be reimbursed. The amount should be reimbursed from the donor agency.	Medium	High	↑+	<p>As the issue had been closed based on the management response which stated that the reimbursement of the said amount has been claimed and once the amount is reimbursed, it will be submitted for settlement of the arrear.</p> <p>As of November, 2019 the reimbursement has been claimed. The settlement of reimbursement is regular process and previous reimbursements are required for new claims</p>
19.	PR7475-21 SASEC (AEPC Component): With the objective of increased capacity of electricity transmission, improvement in electricity distribution network, development of mini grid based on renewable energy at areas with no access to the national grid, capacity development of Nepal Electricity Authority and AEPC, Government of Nepal and Asian Development Bank signed an agreement on 4 th July, 2014 for the program starting from 2015 until 31 December 2021 allocating a total of USD 440	High	High	↔	<p>As the issue raised had been closed based on the management response which stated that while implementing a program that consists of multiple donor agencies, coordination and unfavorable circumstances have played the major part in the nominal progress of the program. Further, lack of coordination, unavailability of a clear guideline, blockade, and destructions caused by the earthquake and lack of timely and continuous guidance from the line ministry resulted in the nominal progress. AEPC in concentration its efforts</p>

29 Nov, 2019

	million. The total amount constitutes of USD 180 million from ADB Loan, USD 11.20 from ADB Strategic Fund Grant, from Norwegian Grant, USD 120 million from European Investment Bank Loan, USD 60.33 from Government of Nepal and USD 8.47 million from communities. Out of the current fiscal year allocated budget of NPR. 583,381,000/-, financial progress amounts to only 42.41% i.e. NPR. 247,433,288/-. The total financial progress is very nominal and has met only 14% i.e. NPR. 333,162,298/-				towards a robust coordination with donor agencies and the line ministry for effective implementation of the program. As the issue had been closed based on the management response, the external factors contributing to its delay had been considered to close the issue raised.
20	PR7475-23 Reimbursement not claimed: Article 37 of the Financial Procedure Regulation 2064 states that the amount expended from government fund as a reimbursable fund from the donor agency should be reimbursed within 45 days based on the agreement with the donor agency. Total of NPR. 165,166,771/-comprising of NPR.133,826,771/- from ADB Grant No. 0398 NEP and NPR. 31,340,000/- from Loan No. 3139 NEP is yet to be reimbursed. The amount should be reimbursed from the donor agency.	Medium	High	↑+	As the issue had been closed based on the management response which stated that the reimbursement of the said amount has been claimed and once the amount is reimbursed, it will submitted for settlement of the arrear. As of November, 2019 the reimbursement has been c As of November, 2019 the reimbursement has been claimed. The settlement of reimbursement is regular process and previous reimbursement are required for new claims
Central Renewable Energy Fund (CREF)					
21	PR7475-24 Accounting Procedure: As per financial procedure act, 2055 section 10 states that accounting of financial transactions should be as per the prescribed procedure of Government of Nepal. AEPC is accounting on cash basis double entry system Additionally AEPC also separately maintains the books of account for the grant received from donor in NAVISON and SAMS Software. These software are not recognized/approved by government of Nepal. So, prior approval and security assurance must be established.	High	High	↔	The issue raised had been closed based on the management response which stated that accounting system of this organization is in accordance with requirement of Government of Nepal as stated in section 10 of Financial Procedure Act, 2025. Cash basis double entry system is implemented for the budget received from Government and monthly and annual reports are prepared on that basis. Amount received from development partners are recorded in Navision and SAMS software. Use of Navision software is provisioned in the NRREP Administrative and Financial Guideline which was approved by Steering Committee with representatives of government of Nepal and donor agencies. The software has not resulted in any issues relating to security and AEPC commits that necessary steps will be taken for approval of the software

29 Nov, 2019

					from the government in consultation with development partners. As of November 2019 since the approval of the software is provisioned in the NRREP administrative and financial guideline and the Investment Committee (IC) has recognised SAMS and Navision as per the IC meeting minute the issue has been closed.
22	PR7475-25 Bank Accounts and Operation of Fund: The CREF operation manual's point number 25 states funds received from development partners and Government of Nepal will be deposited in to CREF's handling bank account. The handling bank accounts are pre-determined by the operation manual and classified into four different accounts namely (i.) Investment Account (ii.) Subsidy Account (iii.) Loan Account and (iv.) Secretariat Account. As per the description of bank accounts received from the incumbent handling bank NMB Bank, out of 46 bank accounts opened 26 of them are in operation. This indicates that the numbers of the bank accounts are more than what is required as per the operation manual and management of these numerous bank accounts will be arduous.	High	High	↔	As the issue has been closed based on the management response which stated that the 46 bank accounts were opened based on requirements and out of the 46 , 26 bank accounts are still in operation. Further discussion shall be conducted with the relevant stakeholders on closure of bank accounts that are not relevant and necessary. As on November, 2019 the bank accounts have been opened specific to projects for booking the total approved subsidy. This ensures proper bookkeeping and segregation of project expenditures. The inactive bank accounts have remained open and shall be subsequently closed post the completion audit.
23	PR7475-26 Fund Balance: Global IME bank was the handling bank of CREF until 14 th January 2018, after that NMB Bank was selected as the handling bank on the basis of competition. The funds at Global IME have been transferred to the new handling bank NMB Bank. NMB bank entered in to the agreement to provide 8.5% interest on the fund available for subsidy and other accounts. Besides this, for the purpose of liquidity management 12 different banks have been allocated NPR. 1,999,600,000 as term deposits which will provide 11% interest p.a. on the amount. CREF has earned interest amounting to NPR. 95,682,000/-. As of end of Asadh, 2075 the total amount remaining is NPR. 5,054,793,000/- constituting of NPR. 3,006,801,000/- at the	High	High	↔	As the issues has been closed based on the management response which stated that the interest earned clearly indicates the additional revenue generated by the fund. Incorporating the suggestion received from the previous audit, for risk management, the fund has invested the amount in 12 other banks. The security of the fund and maximum generation of revenue has been the topmost priority. As of November, 2019 CREF has further clarified that the interest earned itself is further earning interest as it is treated as a deposit.

	handling bank and NPR. 1,999,600,000/- at other banks. The operation manual states that the amount must be utilized for increasing the earnings of the fund.				
24	PR7475-27 Internal Audit: Point 1 of the CREF operational manual provisions conducting internal audit of the fund by the compliance unit and submitting the report to the investment committee. The internal audit of the fund has not been conducted.	Medium	High	↑+	<p>As the issue has been closed based on the management which stated that compliance unit has been established and will be conducting the internal audit of CREF.</p> <p>As of November 2019, Up until July 2017 the audit has been completed, the audit from July 16, 2017 to January 14, 2018 has been ongoing and audit from January 15, 2018 to July 16, 2019 (based on end of Nepali Fiscal Year) is due. The process of conducting audit for the period of January 15, 2018 to July 16, 2019 was brought to the 13th Meeting of the Compliance and Ethics Sub-Committee which has decided to initiate the process of conducting in accordance with law and has also directed CREF to presents its latest audit report in the next meeting of the compliance and ethics sub-committee. The compliance unit shall be coordinating with CREF in preparation of terms of reference and also coordinating with external auditors hired for the process.</p>
25	PR7475-28 Monitoring and Penalty: Subsidy delivery mechanism 2070 provisions up to 50% penalty and cancellation of recognition of defaulting companies in cases where deviations are found during the third party monitoring. For the solar installations of 2072/73, 7 lots were formed and monitoring was conducted on 3,079 solar technologies. Penalty is yet to be computed on the deviations found during the monitoring of the stated number of technologies.	Medium	High	↑+	<p>As the issue had been closed based on the management response which stated that the the computation of penalty is ongoing. AEPC is concentrating its efforts towards creating an environment where deviations can be completely eliminated. In future, the computation of penalty on the deviations will be conducted on time and penalty will be levied as soon as possible.</p> <p>As of November, 2019, the computation of penalty has been completed and levied. Furthermore, penalties are subject to be deducted from the subsidy to be disbursed and</p>
26	PR7475-29 Report on utilization of fund: As per the point 33.1 of the CREF operational manual, the utilization of the investment fund shall be reported based on Annex 2 through AEPC to the Government of Nepal and Development Partners.	High	High	↔	<p>As the issue had been closed based on the management response which stated that due to some technical difficulties the report could not be produced in the prescribed format. This will be rectified and the report will be submitted in the prescribed</p>

	Discarding the prescribed format results in non disclosure of the actual mobilization of subsidy and loan. Hence, reporting shall be done in the prescribed format.				format within the required timeframe. As of November, 2019 it has been further explained that CREF prepares monthly report on utilization of fund based on the Government's approved format which includes all the information based on the Annex 2 of the CREF operational manual. Further information are available on the GoN format which the Planning section of AEPC prepares and consolidates information from all the sections including CREF and submits to the Line Ministry on a monthly basis.
27	PR7475-30 Fund Transfer: The CREF Operational Manual's point number 33.1 provisions the earnings from carbon, remaining amount at the micro hydro debt fund and biogas credit fund along with the liabilities to be transferred in to CREF.	High	High	↔	As the issue had been closed based on the management response which stated that these funds in question involve multiple development partners and at times are faced with technical difficulties during coordination and implementation. Utilization of carbon fund needs a guideline in place to make decision on the fund transfer. This means the provision of CREF operational manual on fund transfers could be contested if the government deems it necessary.
28	PR7475-31 Carbon Fund: Sales of carbon emission reduction has earned NPR. 667,533,000/- until the last fiscal year and this year the earning amounts to NPR. 376,564,000/- for the current fiscal year. Out of the amount received since 2017, this year the NPR. 1,742,000/- has been spent on consulting services and the remaining fund amounts to NPR. 1,042,354,000/-. Required guideline or procedure must be develop to utilize the carbon fund in promoting clean energy and conservation of environment	High	High	↔	As the issue had been closed based on the management response which stated that the amount spent on consulting services is for the services of climate and carbon experts. The development of guideline for the utilization of the carbon fund is ongoing and once approved it shall be implemented to utilize the fund. The approvals of such guidelines are dependent on the external factors.
29	PR7475-32 Additional fund: Article 33 of the Financial Procedure Regulation 2064 provisions that the budget headings that do not freeze needs to be defined by FCGO. Disbursement from the budget freeze headings should be made 7 days prior to the end of the fiscal year and accounts should be closed. Under the current budget for additional subsidy to the	High	High	↔	As the issue had been closed based on the management response which stated that this is based on the agreement with development partners, as disbursements are to be made as per the agreements. This transfer ensured that the subsidy could be provided on a timely basis. AEPC will definitely improve on this matter

	micro hydro projects that have remained incomplete, AEPC has provided subsidy amounting to NPR. 82,700,000/- to 38 of such micro hydro projects. At the end of the fiscal year, the remaining budget amount for the program amounting to NPR 52,500,000/- has been transferred to one of the current account of AEPC opened in a commercial bank. The transferred amount does not belong to the budget heading that do not freeze and hence should not be transferred.				
30	PR7475-33 Micro hydro debt fund: With the objective to provide loan to micro hydro projects, in support of GIZ the fund was established. The fund amounting to Euro 100,877.75/- placed at Nepal Rastra Bank Account No: 1202603 001004978 KHA International Grant has not been utilized at all. The fund should be transferred to CREF as per the provision 8.7 of the CREF operational manual	High	High	↔	As the issue had been closed based on the management response which stated that due to the lack of a proper fund utilization guideline, the fund has not be utilized. Once the guideline is in place the fund will be utilized accordingly. This issue has been raised in PR7475-30 it is to be noted again that approval of such guideline is depends on external factors.
Biogas Credit Fund					
31	PR7475-35.1 The fund has not mobilized additional loan amount in the current fiscal year.	High	High	↔	As the issue had been closed based in the management response which stated that no loan amount mobilized. The finding is the generic statement on the status of loan mobilization.
32	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.
33	PR7475-35.3 The loan loss provision is set at NPR. 4,500,000/-. Rather than setting loss provision, efforts should be concentrated towards recovery	High	High	↔	As the issue had been closed based on the management response which stated that AEPC is committed in minimizing the loss provision and expediting the recovery process. Since, the issue indicates a suggestion on the loan provision, this issue has remained closed based on the management response
34	PR7475-36 Closing Balance of National Rural Renewable Energy Program: The closing balance of the program including the opening balance NPR. 963,154,137/- and earning of the current fiscal year NPR 1,499,205/-	High	High	↔	As the issue had been closed based on the management response which stated that in the context of utilizing the closing balance of NRREP amounting to NPR. 310,620,950/- , in coordination and discussion with the development partners, government of

	with the grand total of NPR. 978,153,342.31. NPR. 667,532,392.45 have been transferred to the carbon fund and closing balance at the NRREP is NPR. 310,620,950/- Decision needs to be made on the utilization of the fund.				Nepal and assessing the prevalent circumstance, decision will be made for the proper utilization of the fund. Since the issue indicates a suggestion and the need of approved guideline it remains closed based on the management response.
35	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.	Low	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 has been settled based on tax adjustment received but approval from OAG is yet to be received.
36	PR7475-38 Refund of security deposit without VAT adjustment letter: As provisioned by regulation 124(2) of the Public Procurement Regulation 2064, the security 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:	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.
37	PR7475-39 Internal Control system: As stipulated in regulation 95 of the Financial Procedure Regulation, work performance needs to be accompanied by internal control system based on the nature of the work. This includes the control environment, identification of area of risks and monitoring and	High	High	↔	As the issue had been closed based on the management response which stated that the internal control system has significantly improved compared to previous years. AEPC is committed to incorporate the suggestions and will systematize internal control system in its operations and performances.

29 Nov, 2019

	evaluation. Internal control system on each work performance is lacking				Furthermore the compliance unit and compliance and ethics sub-committee have prepared and submitted a document on risk management to AEPC during August -September, 2019. Furthermore the compliance function is overseeing the internal audit of CREF which is the financing mechanism of AEPC and also the progress on settlement of arrears. The OAG report for 2074/75 has graded AEPC as "Very Good – Grade B" in fiscal accountability.
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:					
38	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.
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:					
39	PR7374-17: Payment made without Invoices/Supporting documents:	Medium	Medium	↔	As of 25th September, 2019 Approval obtained as following

29 Nov, 2019

	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				OAG's letter 75/76/132 Date: 2075/7/13 The remaining amount is NPR. 910,400/- As on November 2019: Status quo
40	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
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).					
41	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
42	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

29 Nov, 2019

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/-					
43	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
44	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 Septemeber, 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
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 toNPR.110,132,223.16/-. Post refunding security deposit amounting toNPR.18,122,194/-, NPR.92,010,029.16/- remains as security deposit. Following points are observed regarding refund of security deposit.					
45	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 of retention money NPR.5,310,291/-is not regular.	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.

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:				
46	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 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 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 of the 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 Total: 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 remaining. 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.
47	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 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

29 Nov, 2019

					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.
OAG Preliminary Report 2072/73					
48	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
49	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 to 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.
50	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 NPR. 89,631.67 from Urja ghar pvt. Ltd. OAG Letter no: 7475/582 dated 2075/3/10 Total Collection made till date:

29 Nov, 2019

					1,147,707.27 Remaining Amount: NPR.89,590.45/- OAG letter remaining As of November, 2019: NPR. 33,536.65 remaining.
NRREP Fund					
51	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	↔	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.
OAG Preliminary Report 2071/72					
52	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	↔	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.
IT Audit					
53	CU7576-1: Lack of Information Technology Policy and Information Technology Security Policy	Low	Medium	↑+	AEPC does not have a internal IT policy or procedure but is governed by the National ICT Polcy 2072, Email Management Directive, 2075, Information Technology System Directives 2071 and Directives to design and manage government website.
54	CU7576-2: Website Security: The IT audit which conducted the web application security assessment enlisted 1 critical finding and 7 medium findings.	Medium	Medium	↔	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 it security requirements. Since, the deployment of the new website the site has been functional. Recently AEPC has addedd an exclusive section on Accoutability in the main menu where all the relevant

29 Nov, 2019

					infotmation related to compliance, proactive disclosures, grievances (online registration of grievances) and audit information can be accessed.Ensuring websecurity is an ongoing process and regular audit will be conducted to assess any vulnerabilities
55	CU7576-3: Database design documentation are not availbale for SAMS	Low	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

3 Conclusion:

Table 5 depicts the quantity of the findings in each of the progress levels and Table 6 the trajectory of progress made since the previous assessment of 25th September, 2019.

Table 5: Quantification of Progress Level

Progress Level	Quantity
High Progress	26
Medium Progress	19
Low Progress	10
Total	55

Table 6: Changes in Trajectory

Positive progress (↑+)	07
No change (↔) ¹	48
Total	38

¹ It is to be noted that in the 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 issues 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.