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ROYAL AUDIT AUTHORITY

(A Clean Public Service - Nation's Pride)



RAA(AG-SP)2003/

Dated:

Foreword

The Royal Audit Authority is pleased to publish the Annual Audit Report 2001 (AAR 2001).

This is the second Annual Audit Report, a sequel to the Annual Audit Report 2000 that had generated a positive response from the public both in the media and on the Internet in enhancing the RGoB's policy and commitment to accountability and transparency. The positive response and interests shown on it has reinforced our belief that the present publication further nurtures the national integrity and the quality of governance in Bhutan.

All authorities and readers we hope will appreciate that the Annual Audit Report is a universally accepted practice and an obligation of the National Auditing Agency. It is required to be placed before the government and the society. It is also a performance report of the national accountability machinery itself. It should thus be read as a necessary and inevitable obligation of the RAA and viewed accordingly.

The report mainly contains only the significant audit findings and observations contained by the Inspection Reports issued within the year 2001.

In the year 2001, the Royal Audit Authority had conducted 198 audits and transmitted 159 inspection reports.

In the last Annual Audit Report, we had reported audit recovery of over Nu. 10 millions. In the year 2001, audit recovered over Nu. 19 millions. We believe that the deterrent effect of audit has probably caused more public money and resources from being misused/squandered than the amount that was detected and recovered by audit.

It is to be reported that the audits of the Ministry of Finance and the Ministry of Foreign Affairs were ongoing at the end of the year 2001.

However, the delay in publication of this report at the request of the Council of Ministers pending the conclusion of Geog Elections, allowed the RAA time to include relevant findings regarding the Ministry of Foreign Affairs from the inspection Report No.IR(37)GG/MoFA/2003/340 dated 13.2.03 pertaining to the account up to 2001.

We have also taken the liberty to include in our Report the joint investigation report of the Ministry of Agriculture and the RAA on the logging operations and the Plantation Thinning Works carried out by the Divisional Forest Office (DFO), Samdrup Jongkhar. Various administrative

and disciplinary actions were taken on the officials at fault by the Ministry and the Royal Civil Service Commission. We would also like to report that the criminal charges against the defaulters are subjudice under the court of law.

The RAA had tried to keep track of what actions the ministries and agencies have taken on the audit observations after the issue of draft of this report in October 2002. The RAA has in brief incorporated the acceptable replies/ comments/actions of the ministries and other agencies (*in bold italic*). If no comments were reflected it should be understood either as absence of initiatives in the concerned ministries/agencies or responses given were not satisfactory to the RAA.

The Report that follows is also an account of the one year of dedicated service rendered by the auditors inspired by the His Majesty's Farsighted Vision. I would like to acknowledge the support and cooperation rendered by all auditors in our endeavor to serve the Nation.

We hope with the issues raised by the RAA in the report, the agencies may strengthen the internal control system and work towards better performance.

I also express my gratitude for the valuable support and cooperation of all the audited agencies.

Please feel free to suggest or comment on the Annual Audit Report for our guidance and to improve the future editions.

(Kunzang Wangdi)
Auditor General of Bhutan