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ROYAL AUDIT AUTHORITY
Bhutan Integrity House
(*A Clean Public Service - Nation's Pride*)



RAA(AAR-2004)/

Dated:

Foreword

“Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder”.

HRH The Choetse Penlop Jigme Khesar Namgyel Wangchuck.

The Royal Audit Authority (RAA), the Supreme Audit Institution of the Kingdom of Bhutan in response to the ever increasing expectations of the society has, through concerted efforts, endeavored to play effective and responsible roles in promoting a culture that upholds and values integrity, honesty, accountability and responsibility in the exercise of authority and utilization of public resources.

In line with the above responsibility the RAA is pleased to present the Annual Audit Report 2004. It gives in short an overview of the most significant findings contained in the inspection reports issued during the year 2004.



Over the past few years apart from financial and regularity audit we have ventured into the new areas of auditing in the field of Performance/ Value for Money Auditing to provide independent evaluation of economy, efficiency and effectiveness of utilization of public resources. The AAR 2004 has thus incorporated the significant findings on Performance/ Value For Money Audit report.

We are pleased to report that during the year 2004, we have carried out 202 normal audits, 81 certification audits, 20 statutory audits and 7 Performance/Value For Money audits and have issued 240 inspection reports 113 certification reports, 8 VFM reports and 126 follow up reports and 19 statutory reports.

The last Annual Audit Report 2003 reported an audit recovery of over Nu. 17 million. In the calendar year 2004, we had recovered over Nu. 22 million.

The RAA as the watch dog agency has tried its best to see if the government agencies are following the rules and regulations and whether the policies are carried out appropriately, and make recommendations ultimately to help the government in improving and managing the government's funds economically, efficiently and effectively. The RAA has always played a vital role in preventing the misuse and misappropriation of the government funds and properties.

The RAA being the Supreme Audit Institution in the Kingdom and having an oversight role on the utilization of the nation's scarce resources seeks to demonstrate and manifest our commitment in the best interest of the public in promoting transparency and accountability in the society. We

acknowledge the positive gestures of all the agencies which have been instrumental in rendering the best possible cooperation at the level of field auditing as well as in following up of the matters so instinctively.

I hope that most of the agencies would have started to experience the efficacy of our previous audit observations and recommendations in strengthening its internal control systems and achieving its organizational goals and objectives. As such we take it for granted that all the agencies would relentlessly extend their cooperation in creating a corruption free and transparent society.

The RAA is also pleased to report here that the Comptroller & Auditor General of India (C & AG) having consented to our request to conduct the Peer Review of the Royal Audit Authority had assigned Principal Accountant General (Audit), Andhra Pradesh and Accountant General (Audit), Nagaland and Manipur to conduct the review and assessment of the Royal Audit Authority's systems and Adequacy of Standards/ Manuals; Compliance with technical standards/ Manuals; Reporting processes and systems for maintaining quality of reporting; Training programmes for staff; Quality control systems for maintaining quality of reporting; Training programmes for staff; Quality control systems for auditing practices; Organisation and management practices; Auditing techniques; and Audit Reports.

We would like to urge all the concerned agencies to improve the system of internal controls, evaluation and monitoring at every level of management towards achieving the three pillars of Good Governance, accountability, effectiveness and transparency.

We highly appreciate the co-operation and support rendered to RAA by all the government agencies.

We would welcome any suggestions for improvement of our future edition.



(Kunzang Wangdi)
Auditor General of Bhutan

Auditing Beyond Books of Account: *Auditing In-action*

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