



Bhutan Integrity House

# ROYAL AUDIT AUTHORITY

# NEWSLETTER



*A Half-yearly publication*

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## AUDITOR GENERAL'S MESSAGE

As per the provisions of the Constitution of the Kingdom of Bhutan and Audit Act 2006, the RAA is primarily responsible to conduct proper and timely audits of public funds utilized by the Ministries and agencies concerned. Besides the normal function of auditing and reporting, the RAA is carrying out myriad of activities including best professional practices, institutional development initiatives, creating awareness on its important roles and responsibilities, developing institutional linkages etc. to attain professionalism and gain credence in the delivery of services. In its earnest effort to bring about value addition to the societal roles it plays, the RAA is pleased to publish

its first ever NEWSLETTER that will capture succinctly some of the important events and initiatives that the RAA is taking up



for dissemination to the stakeholders. It will also serve to bond all RAA members together into a family unit and keep informed of all activities carried out and take pride in achievements collectively made thus far.

*I wish a happy reading!*

## IN THIS ISSUE

### News

- Auditor General leads delegation to South Africa
- Issued **AG's Advisory Series** 2011
- Deputy Auditor General appointed
- Performance Compact signed
- Issued the Annual Audit Report 2010
- Video conferencing launched
- Research and Quality Assurance Division opened
- Conducted Mid Term Review Meeting
- SRI Associates, Chartered Accountants, Kolkata, India audited RAA

### Events

- Comptroller & Auditor General of India conducted Peer Review of RAA
- Workshop on Performance Audit Guidelines
- Spatial Information Tools training
- EIA training in the Netherlands
- Quality Assurance Review Meeting in Malaysia
- Best significant audit observation of the year
- Conducted various In-house trainings
- RAA promotes 10 officials in January, 2011

### Others

- Who left us?
- Who joined us?
- Obituary

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## NEWS

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### AUDITOR GENERAL LED 3 MEMBERS DELEGATION TO SOUTH AFRICA

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The Hon'ble Auditor General of Bhutan led three member delegations to the 20<sup>th</sup> Working Group on IT Audit Meeting held in Sun City, South Africa from 15<sup>th</sup> to 17<sup>th</sup> April 2011.

During the meeting, SAI Bhutan made presentation on **“Audit Resource Management System”**.

The SAI Malaysia will host the 21<sup>st</sup> WGITA in Kuala Lumpur in January 2012.

### AG'S ADVISORY SERIES 2011 ISSUED

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The Auditor General's Advisory Series 2011 on enhancing the Internal Audit System in Bhutan was issued to the Royal Government and other stakeholders of the RAA in March 2011.

The paper prepared based on review and discussion held with the relevant stakeholders was primarily aimed at identifying the problems confronting the effective functioning of the internal audit and recommended measures for improvements.

The RAA made a total of 8 recommendations for improvement of IA system.

### DEPUTY AUDITOR GENERAL APPOINTED

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Mr. Jamtsho,  
Assistant Auditor  
General, General  
Governance Division  
and HR &  
International

Relations Division, Royal Audit Authority, has been promoted to Deputy Auditor General (EX3A), w.e.f. February 15, 2011. He was selected through open competition held on January 19<sup>th</sup>, 2011.

He joined the Royal Audit Authority in 1993 as a Trainee Officer having been selected through Royal Civil Service Commission Examination in 1992. Since then he has been holding various important portfolios within and outside the Royal Audit Authority. He was deputed to the then Ministry of Communications as an Internal Auditor when the Government initiated Internal Auditing system in Bhutan in the year 2000. He was also the Head of the Policy, Planning and Annual Audit Report Division of the RAA.

Mr. Jamtsho has a Chartered Management Accountancy qualification and is an Associate Member of the Chartered Institute of Management Accountants, United Kingdom.

## PERFORMANCE COMPACT SIGNED

Section 44 (a) of the Audit Act 2006 stipulates that *“It shall be the duty of the Authority to carry out its responsibilities by conducting proper and timely audits of public funds utilized by the Ministries, departments, corporations and other organizations of the government.”* Over the last few years, the number of entities to be audited by the RAA has increased steadily, requiring the RAA to redefine its strategies to cover the agencies within the available resources.

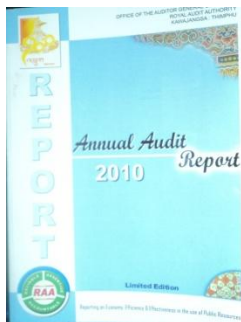
As a modest attempt to provide timely and reliable service to the stakeholders, the functional divisions and the regional offices located in Bumthang, Phuentshogling, SamdrupJongkhar and Tsirang signed Performance Compact on 25<sup>th</sup> March 2011 with the respective Department Heads in witness of the



Hon'ble Auditor General. A total of 3,380 audits were committed to audit in five years in line with the RAA's Strategic Plan 2010-15 as highlighted below:

Regions/Divisions	Number of audits committed to conduct					Total
	2010-11	2011-12	2012-13	2013-14	2014-15	
Corporation & Financial Institutions Division (CFID)	16	19	16	52	52	155
General Governance Division (GGD)	71	83	83	80	96	413
Performance and System Audit Division (PSAD)	3	4	4	6	6	23
Resources, Trade, Industry & Commerce Division (RTICD)	50	52	54	70	70	296
Social, Communication and Information Division (SCID)	67	69	66	76	77	355
Thematic Audit Division (TAD)	3	0	2	4	4	13
Office of the Asstt. Auditor General, Bumthang	109	107	120	103	122	561
Office of the Asstt. Auditor General, Phuentsholing	71	70	96	71	71	379
Office of the Asstt. Auditor General, Samdrup Jongkhar	115	115	107	114	116	567
Office of the Asstt. Auditor General, Tsirang	151	141	152	95	80	619
<b>Total</b>	<b>671</b>	<b>664</b>	<b>686</b>	<b>671</b>	<b>694</b>	<b>3380</b>

## ANNUAL AUDIT REPORT 2010 ISSUED



As per the provisions of the Constitution of the Kingdom of Bhutan and the Audit Act 2006, the Annual Audit Report 2010 was issued to His Majesty the King, the Prime Minister and to the Speaker in April 2011. It was also issued to the Public Accounts Committee (PAC) and other the stakeholders.

Amongst many others, the Report highlighted the following:

- ✓ Accomplishment made by the RAA;
- ✓ Significant Audit findings;
- ✓ Certification of Annual Financial Statement;
- ✓ Special Audit Report of Nimshong-Nabjikorphu farm road;
- ✓ Summary of Performance & Thematic Audits, and
- ✓ Recommendations

It reported total significant irregularities of Nu. 681.593 million as against Nu. 348.340 million reported in 2009 that represent increase by 95.70%.

The Annual Audit Report 2010 was presented by the Public Accounts Committee (PAC) and discussed from 4<sup>th</sup> to 5<sup>th</sup> July 2011 during the on-going 7<sup>th</sup> Session of the 1<sup>st</sup> Parliament.

## VIDEO CONFERENCING INAUGURATED



Lyonpo Minjur Dorji, Hon'ble Minister, Ministry of Home & Cultural Affairs inaugurated the Video Conferencing on 25<sup>th</sup> March 2011 in the RAA's Conference hall. Besides officials of the RAA, the Hon'ble Chairperson of the Public Accounts Committee (PAC) along with a Member also attended the inauguration.

The technology is expected to facilitate in conducting the monthly Policy, Planning and Consultative Meeting (PPCM), Mid-Term Review Meetings (MTRM), Annual Audit Conferences (AAC), Audit Entry and Exit Conference with the audited agencies. It also expected to aid in imparting audit related trainings and other workshops to the fellow auditors and other stakeholders, thereby reducing or eliminating the travel costs.

The equipment was funded by the Asian Development Bank at a total cost of over Nu.3 millions.

## RESEARCH AND QUALITY ASSURANCE DIVISION OPENDED

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The erstwhile Research and Quality Assurance Unit was upgraded to Research and Quality Assurance Division (RQAD) and was inaugurated by the Hon'ble Auditor General of Bhutan on 25<sup>th</sup> March 2011.



The Division has been established as an attempt to improve quality and timely delivery of audit services, so that stakeholders are provided with reliable, sustainable and efficient audit services to aid in decision making.

Presently, the Division is manned by four officials including the Division Chief.

## MID-TERM REVIEW CONDUCTED

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The annual Mid-Term Review Meeting was held at Samdrup Jongkhar from 10-12 January 2011. Besides the review of the Annual Audit Schedule 2010-2011, Team-wise evaluation of achievement in terms of timely commencement and completion of audit and issue of audit report on time and discussion on revision of audit schedule for next six months period January to June

2011 was conducted. Other presentations and discussion included the following:

- The RAA's Strategic Plan 2010-2015,
- Draft Construction Audit Manual and Procurement Audit Manual,
- Field Audit Monitoring System (FAMS),
- Draft Data Bank on Audit Objectives, Criteria and Procedures developed for audit of government budgetary agencies.

A total of 24 Resolutions were adopted as the *Samdrup Jongkhar Declarations*.

The RAA started conducting mid-term review since January 2004 to take stock of progress made in respect of Annual Audit Schedules.

## SRI ASSOCIATES, CHARTERED ACCOUNTANTS, KOLKATA, INDIA, AUDITED RAA'S ACCOUNTS

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In line with the Audit Act of Bhutan 2006, M/s SRI Associates, Chartered Accountants based in Kolkata, India audited the accounts and operations of the Royal Audit Authority for the fiscal year ended 30<sup>th</sup> June, 2010 and issued an unmodified audit report.

The appointment of auditors were done based on the selection made by the Public Accounts Committee (PAC) on behalf of the Parliament

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## EVENTS

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### COMPTROLLER AND AUDITOR GENERAL OF INDIA CONDUCTED PEER REVIEW OF RAA

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Mrs. Suman Saxena, Principal Accountant General and Mr. Purshottam Tiwary, Senior Deputy Accountant General of the Office of the Comptroller and Auditor General of India carried out the Peer Review of the Royal Audit Authority (RAA) in two phases during November and December 2010.

The Peer Review Report was issued to the RAA in May, 2011 that comprises seven chapters and several recommendations for improvement in management practices and enhancing institutional development.

### WORKSHOP ON 'FINALISATION OF PERFORMANCE AUDIT GUIDELINES

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The 4<sup>th</sup> Retreat Workshop of Performance & Thematic Audit Division was organized at Tashi Namgay Resort, Paro from 6<sup>th</sup> to 12<sup>th</sup> June, 2011 for finalization of Performance Audit Guidelines. During the week long workshop, participants discussed the Revised Performance Audit Guidelines and introduced Performance Audit signing off tools.

During the workshop, the participants reviewed resolutions of past retreats, discussed on the Quality Assurance Review on Performance Audit, trained on the application of MS Excel, Report Design &

The copies of the Report will be submitted to His Majesty the King, the Hon'ble Prime Minister, Cabinet Ministers, Secretaries to the Government and other stakeholders of the RAA.

#### Peer Review Report of Royal Audit Authority, Bhutan



The last Peer Review of the RAA was conducted in 2004. The RAA is subjected to peer review once in every five years as per Audit Act 2006.



Layout, and Introduction to SPSS, Sampling Techniques and Analytical or critical thinking. The Performance & Thematic audit topics for 2011-12 were also discussed and finalized.

It was funded by the UNDP.

## TRAINING ON “USING SPATIAL INFORMATION TOOLS” IN BUMTHANG

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Two weeks training conducted by Ugyen Wangchuk Institute of conservation and Environment, Lamai Gumpa, Bumthang on “Using Spatial Information tool for environmental decision making” was attended by the following officials of the Thematic Audit Division (TAD) and Performance & Systems Audit Division (PSAD):

- Tashi Tobgye, Sr. Audit Officer;
- Chime Dorji, Audit Officer;
- Tashi Lhamo, Audit Officer;
- Namgay Tenzin, Asstt. Audit Officer, and
- Tshering Wangchuk, Asstt. ICT Officer
- Roshna Pradhan, Asstt. Audit Officer

Along with theories on GIS, GPS & Remote sensing, the team was also given hands on practical sessions on usage of GPS handsets.

## FOUR OFFICERS ATTENDED TRAINING IN THE NETHERLANDS

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The Environmental Impact Assessment (EIA) training conducted from 23<sup>rd</sup> to 27<sup>th</sup> May 2011 at the Saxion University, Deventer, the Netherlands was attended by the following officials:

- Tashi Tobgye, Sr. Audit Officer;
- Jigme Dema, Asstt. Audit Officer;
- Sonam Tshomo, Asstt. Audit Officer, and
- Roshna Pradhan, Asstt. Audit Officer

The training was mainly focused on the tools used for the various EIA activities and also familiarised on weighing factors on EIA such as SWOT analysis, Multi Criteria Analysis, cost benefit analysis and cost effectiveness analysis.



Furthermore, the team was taught to use application softwares like DNR Garmin, Ozi Explorer, Arc View GIS, Arc Map and Google Earth to carry out analysis of the data gathered and make pictorial representation of the same.

The RAA is making an effort to keep pace with the recent developments around the world as many countries now use spatial information and its tools to conduct environmental audits.

## FOUR OFFICERS ATTENDED QUALITY ASSURANCE REVIEW MEETING IN THAILAND

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Three officers attended Quality Assurance Review Meeting held in Thailand from 16<sup>th</sup> to 20<sup>th</sup> May, 2011.

- PM Pradhan, Chief Audit Officer;
- Rinzin Lhamo, Sr. Audit Officer, and
- Sonam Tobgye, Audit Officer

The meeting mainly focused on the modalities of reviewing the performance audit reports as per prevailing International Standards and Guidelines.

Dechen Pelden, Sr. Audit Officer was involved as the technical expert in the subject.

## WORKSHOP ON BEST SIGNIFICANT AUDIT OBSERVATION OF THE YEAR

The annual workshop on the significant audit observation of the year was conducted on 16<sup>th</sup> June 2011 in the RAA's conference hall. Eleven participants from various functional divisions and regional offices participated in the workshop.

The annual event is aimed to share, enlighten and alert the auditors on various facets of irregularities and corruptions discovered and encountered during audit assignments and equip them with counteractive measures.

The three best significant observations were awarded cash prizes of Nu.10,000, Nu.7,000 and Nu.5,000 respectively, during the 54<sup>th</sup> PPCM.

## CONDUCTED IN-HOUSE TRAININGS

In accordance with the Continuous Professional Development Policy (CPDP) of RAA, various in-house trainings were conducted and delivered by the in-house resource persons as below:

Course title	No. of p/pants	Resource persons
Advanced Dzongkha Uni-Code	15	Sangay Penjor, Asstt. Dzongkha Coordinator
Effective Writing Skills SG2	6	Rinzin Lhamo, SAO & Choden, AO
Office Procedure Automation [OPA]	all RAA Staff	Kinlay Pemo, Asstt. ICT Officer
Risk based financial audit	165	BB. Chhetri, DAG & Karma Tenzin, SAO

## RAA PROMOTES 10 OFFICIALS

In recognition of their dedicated service to the TSA-WA -SUM, the following 10 officials were promoted in January 2011.



**Jamba Gyeltshen**  
Executive Engineer



**KenchoDorji**  
Sr. Audit Officer



**K. P. Adhikari**  
Audit Officer



**Tashi Lhamo**  
Audit Officer



**Tenzin Choedup**  
Audit Officer



**Vikram Gurung**  
Audit Officer



**P J Tamang**  
Auditor II



**Tashi Tenzin**  
Sr. Auditor



**Tshewang Tandin**  
Auditor I



**Kiran Rai**  
Admin. Asstt. I

## OTHERS



### WHO LEFT US?

1. Mrs. Lhaden Zom, Dy. Auditor General on retirement;
2. Mr. Jamyang Tenzin, Senior Audit Officer on retirement, and
3. Mr. Namgay Dorji, Engineer on transfer



Madam Lhaden Zom left RAA after more than 38 years of dedicated service. *Excerpt of her farewell speech.*

*“..... I have enjoyed every moments of my career in the Royal Audit Authority. As I leave, I go with a heavy heart, deeply saddened to leave all of you behind. I am also aware that because of the position of my responsibility, I might have been hard to some of you, and I take this opportunity to say sorry, from the deep of my heart. It was all the call of the duty and I am walking out today with no hard feeling on any one of you but with heart full of love, affections and sweet memories. As we say goodbye, let us remind ourselves that farewells are not forever, nor are they the end. They are simply words to say that I will miss you all dearly and that I will remember all of you very fondly.*

*Although we may be separated by time and distance, nothing will diminish the important role, the kind support, the charismatic leadership, all of you, the past and the present had played during my career in the Royal Audit Authority. I wish you all loads of success and may Royal Audit Authority achieve its vision of being premier audit institution in the region. And lastly, from the Irish Blessing, I have this prayer for all of you, “May the road rise up to meet all of you, may the wind be ever at your back. May the sun shine warm upon your face and the rain fall softly on your fields. And until we meet again, may God hold you in the hollow of his hand’ .....*”

## WHO JOINED US?

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**Karma Kinga Eudon**  
Civil Engineer



**Sonam Dorji**  
Asstt. Audit Officer



**Dechen Lhendup**  
Asstt. Research Officer



**Kencho Dorji**  
Asstt. Audit Officer

## Obituary

Tshering Yuden born to Tshering Wangchuk & Sacha Dema in 1979 passed away on 20<sup>th</sup> January 2011 at Vellore, India after being diagnosed with leukaemia. She was second of three children to her parents. She graduated from Yangchenphug High School with flying colours and earned a RGoB scholarship at the reputed Vellore Institute of Technology, University of Madras in Tamil Nadu, India. She completed her B.E Degree in Electrical & Electronics in 2003.

In January 2004, she joined the Royal Audit Authority as an Assistant Engineer. She was instrumental in taking up various construction audits and rose to the post of Deputy Executive Engineer before passing away in January this year.

Her interests included reading and collecting decorative items from all the places she travelled to. She is survived by her husband, beloved parents, brother and sister.

Her dedication and commitment was exemplary and her untimely demise indeed left a deep void in the RAA family and is deeply missed by each and every one in RAA.

We pray for the peace of the departed soul.

May the Almighty give courage and strength to the members of the bereaved family to bear this irreparable loss.



## PICTURE SPEAKS



Hon'ble Chief Guest and officials of the RAA



Hon'ble Auditor General taking part in compact signing



Hon'ble Chief Guest being received at RAA Head Office



Mr. P.M. Pradhan taking over as the Chief of Research & Quality Assurance Division



Participants of Risk Based financial audits training with Resource Person



Hon'ble Auditor General being appraised on activities carried out during a workshop

## ABOUT RAA

### *Vision*

A premier audit institution that promotes value for money in government operations and contribute towards good governance.

### *Mission*

To audit without fear, favour or prejudice on the prudent and effective use of public resources and report to the Parliament and stakeholders for enhancing transparency and accountability in the government.

#### WHO WE ARE

The Royal Audit Authority (RAA) is the Supreme Audit Institution (SAI) in the country, responsible to audit and report on the economy, efficiency and effectiveness in the use of public resources as per provisions of the Constitution of the Kingdom of Bhutan. The Auditor General (AG) heads the Royal Audit Authority for a period of five years or until attaining the age of sixty five years, whichever is earlier.

#### WHAT WE DO

We have over 890 entities and over 227 employees to audit and report through a network of four Regional Offices and functional divisions located in the Head Office, Thimphu. We carry out performance, financial, compliance, propriety, regularity and Special audits and report to His Majesty the King, the Prime Minister and to the Parliament as required under the Constitution of the Kingdom of Bhutan.

#### CORE VALUES

Every auditor subscribes to Sixteen Principle of Oath of ***Good conduct, Ethics and Secrecy*** upon their appointment to audit and report on the effective of public resources without fear, favour or prejudice. Our Core Values are:

- *Independence*
- *Objectivity*
- *Integrity*
- *Commitment*
- *Professionalism*
- *Reliability*

#### MANDATES

Prior to 2006, the RAA derived its mandates mainly from the ***Royal Decrees*** and the General Auditing Rules and Regulations (GARR) promulgated in 1989.

Presently, the RAA derives its duties and powers from **Article 25** of the Constitution of the Kingdom of Bhutan and the Audit Act of Bhutan 2006 enacted under the provision of the Constitution.

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