

Happy New Year, 2012!



Bhutan Integrity House

ROYAL AUDIT AUTHORITY

NEWSLETTER



A Half-yearly publication

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Editorial...

The RAA family joins the Nation's mood of rejoicing the Royal Wedding and offers our wishes and prayers for the health and happiness of our Royal Couple.

The editorial team and RAA family would like to offer the heartiest facilitations and renew our dedication to Hon'ble Dasho Ugen Chewang on award of red scarf. We deeply commit to serve the nation with great humility and without fear, favour and prejudice under your leadership.

In this edition we are bringing you special coverage on Hon'ble Dasho and events/news that were taken place in RAA from July to December, 2011.

On behalf of the RAA family, the editorial team wishes all our stakeholders and readers, a Happy New Year, 2012.

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Auditor General conferred Red Scarf

His Majesty the King awarded "*Bura Maarp*" (red scarf) to Dasho Ugen Chewang, Auditor General of Bhutan during the 104th National Day celebration. He was conferred the title of Dasho in recognition for his 32 years of dedicated service to the nation since his appointment into the civil service in 1979.



The award was for the recognition of his efforts in building a strong Royal Audit Authority and for the important role he has to play as the head of a Constitutional Office under new democracy. The award was also for the confidence and strength that this award will bestow upon him to shoulder yet greater responsibilities and discharging it without fear, favor and prejudice.

His Majesty the King, during conferring the award, reminded the nation that conferring of *Bura Maarps* should not make the recipient or the people feel that it is the conferring of an exalted position in society. His Majesty said, "In our spiritual nation, the *Bura Maarp* signifies the robes of the Buddha. This means that those who wear it must serve the people with compassion, justice and integrity. The *Patang* is a symbol of the will of the person wearing it, to sacrifice his own life in the protection of the people and nation."

Dasho Ugen Chewang congratulated all the auditors for their dedicated service to the nation and reminded that award is a symbol of trust and confidence the His Majesty and people bestowed upon the RAA. He said that "He is humbled with the award and greater responsibility is shouldered to him". He dedicated the honour to all members of RAA and thanked them all for supporting him as a team and solicited continued support in future endeavours as well.

Significant achievement under the leadership of Dasho Ugen Chewang

Dasho Ugen Chewang was initially appointed as the Auditor General on December 31, 2005 through a Royal Decree. The Royal Decree directed him to further strengthen the functions and responsibilities of the Royal Audit Authority in keeping with the provisions of the then Draft Constitution. During the period, RAA had undergone a major organizational and functional adaption processes in aligning its roles to the requirement of the Constitution. Following the Organizational Development (OD) Exercise and the Capacity Building Need Assessment, three additional functional Divisions and one unit were created to strengthen the organizational capacity of the RAA. These were Performance and System Audit Division (PSAD), Thematic Audit Division (TAD), Office of the Assistant Auditor General, West (now relocated to Phuentsholing) and Quality Assurance Unit.

The Vision and the Mission of the Authority was identified and a strategic plan was documented covering a period of five years. The other most significant achievements during the period was the development and adoption of the Auditing Standards, the Financial Audit Manual, the Auditor General's Standing Instructions, the Continuous Professional Development Policy, the Information Disclosure Policy, the Handbook on the Quality Assurance Review Process and various other handbooks and guides, such as the Handbooks on Audit Criteria, Audit Working Papers, Audit Recoveries Account and Audit Clearance Certificates.

HIGHLIGHTS OF KEY ACHIEVEMENTS

Year	Audit Recoveries (Nu. Million)	No. of audit conducted	No. of reports issued	Audit Clearances issued
2011	87.411	785	846	15372
2010	62.791	617	690	12803
2009	57.167	594	627	12173
2008	52.837	445	450	9945
2007	79.6	457	500	10438
2006	45.651	444	438	9489
2005	29.771	314	393	6243

The appointment of Auditor General under the Constitution of the Kingdom of Bhutan was also made through the issue of Royal Decree on July 22, 2010. His Majesty conferred the ceremonial *Dhar* to the Auditor General and was administered Oath of Affirmation of Office by the Chief Justice of Supreme Court. One of the most significant changes that were initiated by RAA upon appointment of the Auditor General under the Constitution was modification of Strategic Plan and aligning the Plan Period to coincide with the term of the constitutional appointment of Auditor General. The RAA is in the second year of the Strategic Plan 2010-15 and all programmatic goals identified in the Strategic Plan are expected to be achieved by end of the Plan period.

Significant Achievement

Published One Act, Three Manuals, Two Guidelines, Three Plans and Nine handbooks. Strengthened international relationship and is a member of four regional organizations. Established two new Divisions, one regional office and a Quality Assurance unit. Improved public service delivery and adopted risk based auditing. Introduced award system for the best significant audit observation and best audit report.

Life history of Dasho Ugen Chewang

Dasho Ugen Chewang was born to Dotu and Tshewang Dema in Chenery village in Deothang under Samdrup Jongkhar Dzongkhag in June, 1956. Dasho's early and middle education was completed in Bhutan and higher education from abroad.

After receiving his Bachelor's Degree in B-Com from Punjab University in 1978, he joined the civil service in 1979 as a Trainee Officer in the Royal Audit Authority. Later, he pursued his Masters in Business Administration in Business Management and Accounting from Syracuse University, New York, USA in 1985 and one year comprehensive auditing course at the Canadian Comprehensive Auditing Foundation in 1993.

As a young and energetic civil servant he served the country in his fullest capacity and held important posts in various capacities. During his tenure in the Royal Audit Authority he held various important posts, He was the Assistant Director (1984 to 1988), Deputy Chief Auditor (1988 to 1991), Chief Auditor (1991 to 1996), Assistant Auditor General (1996 to 1999) and Deputy Auditor General RAA (1/1/2000 to 9/4/2000).

In 2000, he was appointed as the Director of National Pension & Provident Fund Board and served for five years. During his tenure, he was instrumental in conceptualizing, formulation and implementation of Pension & Provident Fund Plan. The NPPF started



members' Housing and Education Loan Schemes in 2003 and 2004 respectively. The Schemes had enhanced the return on investment of the NPPF.

He was appointed as the Auditor General on December 31, 2005 through a Royal Decree with the direction to further strengthen the functions and responsibilities of the Royal Audit Authority in keeping with the provisions of the then Draft Constitution. He is also the first Auditor General appointed under the Constitution of the Kingdom of Bhutan through the issuance of Royal Decree on July 22, 2010.

He was a member of the Royal Commission responsible for the selection and recommendation for the appointment of the First Chief Justice of Bhutan and the Justices of the Supreme Court of Bhutan, and a member of Board of Penden Cement Authority Ltd., Bhutan National Bank Ltd., Royal Insurance Corporation of Bhutan, Druk Satair Corporation Ltd, member of the Pay Revision Committee and member of the Good Governance Committee. Currently, he is also the Chairman of the Accounting & Auditing Standards Board of Bhutan.

NEWS

Public Accounts Committee (PAC) presented Audit Reports to the Parliament

The Public Accounts Committee (PAC) comprising of five eminent Members of the Parliament presented Audit Reports to the joint sitting of 7th Session of the 1st Parliament. The Reports presented were:

- *Annual Audit Report 2010;*
- *Report on the status of past Annual Audit Reports (AAR), viz. unresolved irregularities up to 2006, AAR 2007, AAR 2008 and AAR 2009;*
- *Special Audit Report of Nimshong-Nabjikorphu Farm Road Construction;*
- *Audit Report on the Operations of National Pension & Provident Fund Board (NPPFB);*
- *Audit Report on Civil Service Trainings and Performance Audit Report on Human Resource Management of the Ministry of Education;*
- *Audit Report on Computers & Peripherals;*
- *Audit Report on Compliance to the Multilateral Environment Agreements;*
- *Audit Report on the Operations of the Education Development Project (EDP), implemented by the Ministry of Education; and*
- *Auditor General's Advisory Series 2011 on Enhancing Internal Audit System in the Royal Government of Bhutan;*

Based on the Audit Reports, the PAC submitted 17 Recommendations to the House for deliberations and consideration by the House.

RAA became member of INTOSAI WGEA

The Supreme Audit Institution (SAI) of Bhutan, the Royal Audit Authority has joined the International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Environmental Auditing (WGEA) on 9th November, 2011.

The INTOSAI WGEA was established in 1992 and has grown to a community of Supreme Audit Institutions of more than 70 countries which prioritizes work on environmental topics. The goal of WGEA was to promote environmental audits in the member states as well as in countries that are not members of the WGEA. The work of the WGEA was led by a Steering Committee that comprises 18 audit institutions.

As a WGEA member the RAA expects to strengthen the institutional capacity in carrying out the environmental audits through active involvement and participation in the Working Group and sharing experiences and contributing to the work plan projects of developing guidance and reference materials. In light of global environmental issues, RAA's accession to the Working Group has been timely and will boost its efforts in addressing the environmental issues through its work of auditing and reporting. The RAA is also a member in the Working Group on IT Audit (WGITA).

RAA launches Audit Manuals and Guidelines

The RAA has launched two Audit Manuals on Construction and Procurement and a revised Performance Audit Guidelines on 7th December, 2011. The launching ceremony was graced by His Excellency, Lyonpo Minjur Dorji, Hon'ble Minister for Ministry of Home & Cultural Affairs, Hon'ble Auditor General, UN Resident Co-ordinator, Hon'ble Members of the Public Accounts Committee and officials from government agencies and RAA.



Hon'ble Chief Guest with Auditor General and UN Resident Coordinator during the launch of manuals

The audit manuals and guidelines were drafted in response to the manifold increase in the plan outlay of the Royal Government of Bhutan and the increased volume and magnitude of activities that demand audit scrutiny. It is expected to ensure effectiveness of audit in promoting better management of the resources and enhancing accountability in the governance system by aiding the auditors in effective planning and programming of the audits. The manuals were developed in-house by a group of experts with the financial assistance from UNDP.

Excerpts from the Auditor General of Bhutan during the launch of Audit Manuals and Guidelines

“... Ever since, the launching of the first Five Year plan in 1961, the Royal Government of Bhutan, has been observing, an unprecedented development progress, in the context of both socio-economic and welfare activities. The construction industry, as it stands today is one of the major contributors, in the economic growth of the country, contributing, significantly to the Gross Domestic Products (GDP).

The plan outlay of the RGOB, towards the construction sector, is witnessing, a manifold increase, as compared to the past years. Consequently, the nature and volume of transactions, that come under purview of audit, are substantially increasing, not only in terms of numbers, but also in magnitude. This has necessitated the preparation of the Construction Audit Manual, in order to enable, auditors, to come up with, effective audit planning and programming.

Public sector organizations spend huge sums of money on procurement of goods and services. The procuring agencies, while engaging in procurements, are expected to ensure, that the procurements are made, in a fair and transparent manner, in order to achieve value for money in procurement. The procuring agencies, are, also expected to ensure that right quality and quantity of goods and services are made available at right time to achieve their intended objectives. Thus, the Procurement Audit Manual, was, seen necessary to assist the auditors, in evaluating the economy, efficiency and effectiveness in procurement of goods and services. Further, the development, of this manual, was, in response to the rampant irregularities, in

the procurement of goods and services, occurring in almost every audited agency.

Although, the RAA embarked upon performance auditing as early as 2000, it gained its momentum from 2006 after enactment of the Audit Act of Bhutan 2006 and subsequently with the adoption of Constitution of Kingdom of Bhutan in 2008. Accordingly, the changing dynamics and practices in such audits necessitated revision of existing Guidelines. The revised guidelines, incorporated mandates as enshrined in the Constitution and the Audit Act. It is revised in conformity to the principles and provisions of the RAA Auditing Standards, Auditor General's Standing Instructions and applicable international best practices in the field of performance auditing. It will also aim to assist the auditors in ensuring economy, efficiency and effectiveness of audit and maintaining uniformity and consistencies of approaches in the process.

The revised audit manuals and guidelines, will, definitely ensure, that the audit processes, and the audit reports, meet the requisite quality standards. Besides, through our audit, we look at different aspects, to bring in value additions to the agencies, help them in improving the quality of governance, and strengthen their internal control systems. That is why, audit is, now, viewed by many agencies as an indispensable tool, of ensuring proper accountability in the system..."

Excerpts from the Hon'ble Chief Guest's speech during the launch of Audit manual s and guidelines

"...As a young aspiring officer back in mid 80s I experienced that auditing was merely involved in checking of simple book keeping records. As time passes by the view and vision of auditing, tools and methodologies being used has undergone rapid changes. I confidently acknowledge that these changes have been for good, good for enhancing the accountability for resources, good for the promotion of governance, good for the environmental conservation and good for the citizenry at large. That is RAA's contribution in enabling the environment for Gross National Happiness.

After the institution of the Constitutional Democratic Monarchy in 2008 you will all agree with me that more than ever before the Royal Government of Bhutan has been giving highest priority in the development and construction of infrastructures. In doing so the quantum of transactions that come under the purview of audit are seeing an upward trend. I must remind all auditors that this trend is not going to reverse. Therefore, there is an ardent need to properly plan the audit by preparing relevant manuals. The Construction and Procurement Audit Manuals prepared by the Royal Audit Authority is thus a plausible accomplishment. However, there should be dynamism with these manuals. Considering the complexity that entails the procurement and construction sectors over the years, the Royal Government from time to time has been revising the rules and regulations governing these sectors. The Manuals should accordingly follow suit and revise the manuals from time to time..."

Auditor General led three member delegation to Argentina

The Hon'ble Auditor General of Bhutan led a three member delegation to the 14th meeting of the International Organization of Supreme Audit Institutions (INTOSAI) Working Group on Environmental Auditing (WG14), held in Buenos Aires, Argentina, from 7th to 10th November 2011.

During the meeting, the SAI Bhutan made presentations on Auditing Water Issues, sharing experiences on legislative framework and government policies, role of RAA in preservation of natural environment and its challenges and constraints. A presentation was also made on the "Audit of Multilateral Environmental Agreements (MEAs) on its Compliances". The Environmental Audit Report was issued in October 2010.

The RAA also shared its experiences on the roles it plays with regard to the implementation of Multilateral Environmental Agreements (MEAs).

Auditor General of Bhutan briefed Graduates of 2011

The Royal Audit Authority (RAA) made a presentation on the **"RAA's roles in promoting accountability and transparency in the use of Public resources"** to the graduates attending the National Graduate Orientation Program (NGOP) 2011 on 18th August, 2011.

The presentation also covered the historical evolution of the RAA, its mandates, jurisdiction, audit impact and its contribution to the four pillars of Gross

National Happiness (GNH) through timely auditing and reporting.

After the brief 'Questions & Answers' session, the Hon'ble Auditor General thanked the graduates for their active participation and interaction. He also welcomed them to the mainstream of nation's development process.

RAA Team wins the National Inter-Sectoral Ozone Quiz Competition, 2011

The National Environment Commission Secretariat (NECS), as part of their celebration on the launch of '*HCFC Phase-out Management Plan (HPMP)*' organized the "National Inter-Sectoral Quiz Competition on Ozone and General Environment". Ten sectoral teams from various agencies participated in the competition including a four member team from the Royal Audit Authority.



Participants from left: Chimi Dorji, AO, Krishna P. Adikari, AO, Chimi Dorji, AAG and Tashi Tobgay, Dy. Chief Audit Officer

The RAA team emerged as the Winners of the quiz competition and were awarded certificates and cash prize of Nu.40,000.00 by Her Majesty Ashi Jetsun Pema Wangchuck.

EVENTS

Three Assistant Auditor General appointed for the Regional offices



Ugyen Dorji, Chief Audit Officer, Policy, Planning and Annual Audit Report Division, Royal Audit Authority from Dungmaed, Pemagatshel, has been appointed as Assistant Auditor General to the Office of Assistant Auditor General of Tsirang with effect from 1st October, 2011. He joined the Royal Audit Authority in 1998 as a Trainee Officer.

Since then he was involved in various auditing assignments as a Team Leader. He was also the Chief of Follow Up Division before he took over as Chief of PP&AARD. Ugyen Dorji has a Masters of Professional Accounting (*Advanced*) qualification from the Queensland University of Technology, Brisbane, Australia.



Chimi Dorji, Division Chief, PSAD, RAA from Gangzur, Lhuntse Dzongkhag, has been appointed as Assistant Auditor General of the Office of Assistant Auditor General of Samdrup Jongkhar with effect from 1st January, 2012. He joined Royal Audit Authority in 1998 as a trainee officer. Before appointment as the Chief of PSAD, he had led audit teams for various audit assignments.

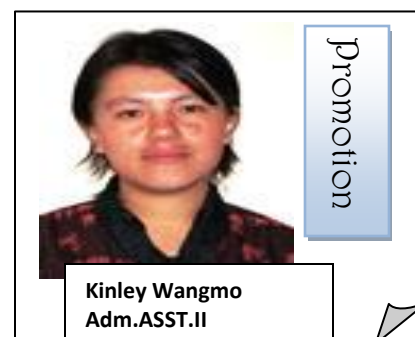
Chimi Dorji has a Masters of Business (Advanced Accounting), Queensland University of Technology, Australia. He has also attended International fellowship in 2005 at GAO in USA.



Cheki Dorji, Offtg. Chief, General Governance Division, Royal Audit Authority from Trashiyangtse joined RAA in the year 1999.

As a team leader, he had led various teams for numerous audit assignments. He is appointed as the Assistant Auditor General for the Office of the Assistant Auditor General, Bumthang with effect from 1st January 2012.

Cheki Dorji, has a Masters of Business (Advanced Accounting), Queensland University of Technology, Australia.



Tsirang Regional Office conducts Mass Cleaning Campaign



The Office of the Assistant Auditor General, Tsirang conducted mass cleaning campaign on 14th December 2011 covering both Office as well as the public areas that included Highway below the office.

The campaign was organized to mark the 104th National Day on 17th December 2011 and to maintain *clean* and *green* environment. The staff and officials of the OAAG, Tsirang further agreed to conduct similar cleaning campaign on a quarterly basis.

RAA Annual Rimdro conducted



The annual Rimdo was conducted on 18th August 2011 at RAA Chosam (Alter). The monks from Zhungdratshang presided over by His Holiness Tshegne Lupon performed Kurim and conferred wangs to the RAA family. The Staff of RAA offered Nyendars, Druna and Tsog during the day. According

to the organizers, "The Kurim was conducted to invoke blessings for peace, happiness and prosperity of the RAA community and the nation as a whole. The annual event was funded from Audit Staff Welfare Scheme.

Two officials attended Audit Review Meeting at Arusha, Tanzania

The Environmental Audit Team comprising of Tashi Tobgay, Dy. Chief Audit officer and Tashi Lhamo, Audit Officer from Thematic Audit Division attended Audit Review Meeting for the "*IDI-WGEA Trans-regional Programme on Environmental Audit in Forestry from*" 7th -14th October 2011 in



Arusha, Tanzania. During the meeting, EA reports of the 15 participating SAIs were presented. The meeting discussed, reviewed and finalised draft audit reports through peer review sessions and the face-to-face consultation with Subject Matter Experts (SMEs). The programme will end in 2012 with a compendium report and a case study of forest audit. The programme was funded and organised by INTOSAI Development Initiative.

WHO LEFT US?

1. Khandu, AAG
2. Yeshey Jamtsho, AAG
3. Tashi Tenzin, Sr. Auditor
4. Tara Rai, Sr. Audit officer
5. Jamba Gyelsthen, Executive Engineer
6. Ugven Dorji, Engineer

Statements from Hon'ble Auditor General during the concluding of in-house training on Internal Control Assessment

The Hon'ble Auditor General in his concluding statement said that a big turnout of internal auditors from various ministries for the training was a convergence between the external and internal auditors for a shared purpose. This development, he stressed would have far reaching impact on rationalizing and prioritizing RAA's work on basis of work done by the internal auditors. The RAA can rely on the works done by internal auditors and gear up its efforts and focus on areas of thematic and performance issues, which demand urgent attentions. He said that though misconceptions of two professions being distinct and different prevail, there is only a thin line that differentiates one from another.



He stressed the importance of embracing the best practices in carrying out the auditing functions in their respective organizations. He recommended for a proper and appropriate planning and programming of audit and stressed the importance of presenting the audit plan as well as the output to the management. He

advised the internal auditors to come up with workable recommendations through which the management can bring improvements in the systems.

In-house training conducted

In an effort to keep abreast of the fast changing environment and in line with the Continuous Professional Development Policy (CPDP) of RAA, various in-house training have been conducted and delivered by the in-house resource person as well as from other agencies as below:

Course Title	No. of P/pants	Resource Person(s)
Familiarization on Operation of Survey Equipments	9	Nima Dorji (MOA) & Sherab Dorji (NLC)
Effective Communication Skill	21	Kinley Zam, AITO & Dorji Wangmo, AAO
Basics on MS Excel	21	Chimi Dorji, AO & Tshering Wangchuk, AICTO
Design & Development of Training Materials	11	Dechen Peldon, Dy.Chief Audit Officer
Interactive Data Extraction & Analysis	18	Ugyen Dorji, AAG & Kinley Tshering, AAO
MS Microsoft Powerpoint Design & Development	6	Chimi Dorji, AO & Tshomo, AO
Internal Control Assessment	21	BB. Chhetri, DAG, Karma Tenzin, SAO & Sonam Wangdi, AO
Risk Assessment	11	BB. Chhetri, DAG, Karma Tenzin, SAO & Sonam Wangdi, AO
Dzongkha Correspondences (G1)	17	Sangay Penjor, ADC & Namgay Lhuendup, ADC
Dzongkha Report Writing	9	Tshering Chophel, Asstt. Dzo. Coordinator
GIS & GPS	22	Sherab, Asstt. DG, Lamo Gonpa

RAA promotes 18 officials

In recognition of their dedicated service to the TSA-WA –SUM, the RAA promoted 18 officials in January 2011.



Dorji Tenzin
Assistant Auditor
General



Diliram Das
Dy. Chief Audit Officer



Tashi Tobgay
Dy. Chief Audit Officer



Dechen Peldon
Dy. Chief Audit
officer



Sonam Delma
Sr. ICT Officer



Tshering Tenzin
Audit Officer



Namgay Tenzin
Audit Officer



Dorji Nima
Sr. Auditor



Sonma Phuntsho
Audit Officer



Choedup
Sr. ICT Associate



Lok Bdr. Gallay
Audit Officer



Sonam Wangdi
Audit Officer



Rinchen Kuenga
Audit Officer



Dhiraj Sharma
Senior Auditor



Sonam Chophel
Auditor I



Wangchuk T
Auditor II

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 audit 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.

Editorial Team:

Dorji Wangchuk, Sr. Audit Officer
Tashi Lhamo, Audit Officer
Leki Tshering, Asst. Audit Officer
Dechen Lhuendup, Asst. Research Officer

Photo courtesy: Rinchen Dorji, Photographer

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