



ROYAL AUDIT AUTHORITY NEWSLETTER

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Inside Story



The Druk Thuksey Medal



**Former Auditors General
offer Trashi Khadar**



**Regional AAGs receive
Druk Thuksey Plaque**



RAA picnic at Pangrizampa



**Award for best report &
significant observation**

EDITORIAL

The Year 2012 has been most exhilarating, momentous and remarkable for RAA family. The year witnessed the conferring of institutional award *Druk Thuksey* to RAA by His Majesty the King during the occasion of 105th National Day Celebration in December 2012. This award was a culmination of dedication and commitment of RAA and its members – past and the present, in the service to the nation. The recognition from the highest authority comes as His Majesty's confidence and trust reposed in us as an institution that plays vital role in promoting transparency and accountability in the use of public resources. The award is the greatest inspiration to all of us and while we take pride in our success, we redeem our pledges to strive even harder in our pursuit of promoting good governance through our work of auditing and reporting.

During the year, there were high level visits from SAI, Maldives and SAI, Vietnam to RAA. Similarly, SAI, Bhutan made visits to SAI, Maldives and COA, Philippines. The Auditor General of Bhutan and senior officials also participated in various international audit forums. This regular and multi-lateral exchange program had deepened and strengthened the strong relationship and cooperation with various SAIs and International Auditing Organization like ASOSAI, INTOSAI etc.

The RAA hosted a two-day South Asian Regional Seminar on Performance Auditing on the theme "Performance Auditing: Challenges and Opportunities". More than forty-five participants from the Supreme Audit Institutions (SAIs) of Afghanistan, Bangladesh, Maldives, India, Nepal, Pakistan, Sri Lanka, Vietnam, Australia, Canada, and Bhutan participated in the seminar. It was declared as a great success and acclaimed RAA's leadership and its roles and responsibilities in ensuring good governance in the country.

In this special edition, we have published an article on "RAA - Four decades of inspirational journey to Druk Thuksey, a chronology of events from 1961 to 2012" contributed by Mr. Karma Tenzin, AAG. He takes us through the blissful and most enticing moments of RAA travelled thus far. He also cautiously highlights some challenges ahead. Further, this edition also covers some of the notable events organized in the RAA premises.

With the dawn of New Year, we usher into yet another year of challenges with heightened spirits to notch up another success for RAA in the service of King, People and the Country.

A very happy *Losar* and we wish you all happy readings!

NEWS/EVENTS

His Majesty conferred Druk Thuksey on Royal Audit Authority

His Majesty the King awarded Druk Thuksey Medal to the Royal Audit Authority on the auspicious and joyous occasion of 105th National Day Celebration on 17th December 2012. The medal was conferred as an institutional award in recognition of RAA's service to the Nation. His Majesty said that "the individuals working in RAA has put in every possible effort in shouldering the responsibilities which had culminated in commendable results within a short span of time". His Majesty said that Bhutan being a 'land locked country is constrained by wealth and resources, the responsibility of ensuring best use of available resources for the welfare of the people and the country is entrusted with the RAA'.

His Majesty commended the services rendered by the RAA and expressed his wishes and prayers to continue the good work with a heightened spirit in the future too. 'The RAA family is deeply honoured and gratified with such an honour and graciousness shown by His Majesty the King. We are humbled, yet highly motivated and invigorated. There is no room for complacency and we shall strive to better our thoughts and actions delivering our responsibilities. There is no greater opportunity than this to pledge and rededicate ourselves to the service of our nation through our work of auditing and reporting without fear, favour or prejudice',

said Dasho Ugen Chewang, Auditor General of Bhutan on receiving the award.

Druk Thuksey the Royal Order of Bhutan, literally mean "Son of the Heart of the Thunder Dragon" was instituted by His Majesty the Third Druk Gyalpo Jigme Dorji Wangchuck in 1966. The RAA was among the four institutions which received this first of its kind award.



RAA celebrated Druk Thuksey, an award conferred by HM the King

The RAA celebrated the Druk Thuksey Award, one of the highest national awards, conferred by His Majesty the King to the RAA on the auspicious occasion of 105th National Day on 27th December, 2012.

The day began with the Druk Thuksey Medal with its commemorative inscription from the Golden Throne being received in the Office by the Auditor General. After performing Lhabsang ceremony by the Zhung Dratshang monks, the Medal was displayed for both former and current officials of the RAA who had gathered to mark the significant moment. Apart from

employees of the RAA, the occasion was graced by former Auditors General; Hon'ble Chief Justice of Bhutan Lyonpo Sonam Tobgye, Dasho Kipchu Dorji and Hon'ble Minister for Finance Lyonpo Wangdi Norbu, Hon'ble Minister for Home and Cultural Affairs Lyonpo Minjur Dorji, Dasho Yangki T Wangchuk, former Secretary for Finance, Members of the Parliament along with former employees of the RAA.



An excerpt from His Majesty's address delivered during the time of conferring Award was played, eight plaques were also received with the Druk Thuksey Medal and distributed. The plaques for the HQ and regional offices along copies of appreciation letter addressed to all employees from the Office of the Auditor General were also distributed. Followed by it, Lyonpo Sonam Tobgye and Lyonpo Minjur Dorji congratulated RAA and its members for keeping up to the expectations of the King, Country and the People. In their inspiring and motivating remarks, they urged the officials to strive even harder to attain higher goals and success in future. The Hon'ble Guests offered Trashi Khadar to the Auditor General and the employees of RAA for winning the award from the King.

The program ended with cultural dance performance by dancers and musicians from the Royal Academy of Performing Arts.

Excerpts from the speech delivered by Hon'ble Auditor General on the occasion of celebration of Druk Thuksey Award

"...It was a great honour and privilege for RAA to receive institutional award Druk Thuksey from His Majesty, the King on the auspicious occasion of the 105th National Day Celebration on 17th December 2012 at Changlimethang. Druk Thuksey, one of the highest awards was conferred on RAA in recognition of RAA's humble and dedicated service to the nation. Today, we have devoted to reflect upon ourselves and our journey in celebrating the highest honour bestowed upon RAA as an institution which have come thus far and to further redeem our pledges to serve the nation with even more zeal and enthusiasm.

Seven years back, I had the privilege of being appointed as the auditor general under the draft constitution on 27th December 2005 through a Royal Kasho from the Fourth Druk Gyalpo. Bestowing vital responsibilities that RAA was expected to play in preparation for the parliamentary democracy, the Royal Kasho stated that, "At a time when we are establishing parliamentary democracy in the country, it is important to promote good governance, increase the accountability of the civil service and root out corruption at its initial stage. Towards this end, the highest importance must be given to further strengthening the functions and responsibilities of the Royal Audit Authority in keeping with the provisions under the Constitution". The trust and confidence from the Golden Throne came with a big responsibility.

I have taken over this august institution from my predecessor Dasho Kunzang Wangdi. I was worried for a simple reason that whether I could fit into the boots of my stalwart predecessors Lyonpo Sonam Tobgye, Lyonpo Wangdi Norbu, Dasho Kipchu Dorji and Dasho Kunzang Wangdi, who have proved their mettle and left legacy of good leadership to this organization and in their later organizations. I felt dwarfed in front of these great leaders, yet my experience of 25 years of being in the profession brought in brimful of hope to pick up the thread where they have left. Another greatest strength I saw I had was our experienced people who have served RAA for many years. As I look back today, I see I was not wrong. The successful sail we had together stand testimony to the highest level of dedication and commitments all of us gave in the pursuit of our goals. In the journey of seven years, we definitely would have had times of friction, disagreements, rebukes and reprimands while working together. Yet these unpleasant moments have never come in our way as dissuasion to inhibit working towards our goal. You have listened to what I had to say, believed in what I thought as your leader and more importantly, you have taken me as a fatherly figure and I have had lots of respect from you. The undying support from every one of you, starting from my Deputy Auditors General to the lowest level in the organization has been overwhelming. I take this opportunity to say that I was very fortunate to be able to work with you and thank all for unwavering support I have received throughout our journey together. Our hard work, commitment, sacrifices and every other hard time had culminated in the highest honor of Druk Thuksey. We have made ourselves

worthy of the placing trust and confidence of the highest Authority.

I have always stressed on building professionalism ever since I joined this organization as auditor general. The RAA as an oversight body must be and be seen to be professional in delivery of our sacred mandates. The professionalism is the reflection of our capability in terms of our profession. It is through our conduct of professionalism, the organization earns credibility and reputations. Stakeholders trust us and our work. Therefore, the building professionalism was first ever thing that RAA embarked upon. Through the interventions of trainings, developments of standards, manuals, guidelines, instructions etc., RAA is able to embrace some of best practices in our day to day work. This had brought about tangible results as we have come very far in terms of quality of reports we produce. The other notable result is the transition in auditing approach embracing Risk Based Auditing, which is perhaps the paradigm shift in auditing approach adopted by RAA in enhancing efficiency and effectiveness of auditing itself. Besides several strides taken place in the auditing processes, the RAA has embarked on numerous progressive developments to ensure capabilities in terms of both organizational and human resources aimed at aligning our goals in meeting the expectations of our stakeholders. The change is a continual process for RAA and it will position itself to adapt to the changing dynamics in the auditing environment.

Your Excellencies, the former Auditors General, it was a great honor to succeed Your excellencies and to continue the legacy

of your great leadership in leading this esteemed organization significantly characterized by highest level of integrity, dedications and commitments. You have been our role models and inspirations. I take this opportunity to thank all our former Auditors General for paving a path for our success.

To ensure efficacy of our audits, Parliament plays a vital role in getting our reports properly addressed. Based on the regular directives and follow up actions of PAC, RAA has been able to resolve numerous audit issues. The prompt actions of the Executives and audited agencies render scope for immediate actions and resolving of audit issues at the earliest. I would like to take this opportunity to thank PAC, Executive and audited agencies for their cooperation and support which the RAA will look forward to receiving it in future too.

For my fellow auditors, I would like to say that when at the point of celebrating our success, let us not be mesmerized. Let us not breed complacencies. The award and the recognition have set new benchmarks and new level of expectations beckoning new challenges. I would urge everyone to maintain same level of spirit in meeting our future challenges and attaining another level of success in the years to come. Let us not see it as the end but as a means to strive even more, achieve more and succeed more.

I congratulate each and every member of RAA – past and present, for having proved worthy of trust and confidence of our beloved Kings. Each one of us owns this accolade for our involvement in whatever capacity. The recognition from the Golden Throne comes as His Majesty's trust and

confidence reposed in us as an institution that plays a vital role in promoting good governance through the work of auditing and reporting. Let us hope that our future endeavors continue to contribute to the realization of national goals of Gross National Happiness”.

Seven member delegates from Office of the State Audit of Vietnam visits SAI, Bhutan

A seven member delegates headed by Mr. Coa Tan Khong, Dy. Auditor General from the Office of the State Audit of Vietnam were on a good-will visit to Bhutan from 18th to 22nd October, 2012.



The Auditor General of Bhutan, Dasho Ugen Chewang welcomed them to SAI, Bhutan and shared RAA's roles in promoting good governance in the country. The senior officials from RAA shared various auditing approaches adopted by the RAA such as development of audit manuals and guidelines, risk-based audit and Gross National Happiness approach in auditing with a greater emphasis on a recently formulated "A-PLUS MODEL". The model was framed based on the Draft 11th FYP key result areas and key interventions. It encapsulates on how the RAA will oversee sectorial interventions and prop up in achieving all activities that are planned under key interventions.

The delegates also shared their auditing experiences and methodologies adopted by the Office of the State Audit of Vietnam. Based on the INTOSAI motto “Mutual Experience benefits all”, proposal on goodwill bilateral cooperation between SAI, Bhutan and SAI, Vietnam on following areas were also submitted;

- Exchanging updated information on the operation and development;
- Sharing audit materials and documents on interested topics i.e. legal documents, initiatives on audit methodologies, procedures, results of peer review, etc.
- Providing Training opportunities for staff of two offices and delegating teams to visit each other to promote mutual understanding.

The delegates left Bhutan on 22nd October, 2012.

Auditor general of Bhutan visits SAI, Maldives

On the invitation by His Excellency Niyaz Ibrahim, Auditor General of Republic of the Maldives, the Hon’ble Auditor General of Bhutan, Dasho Ugen Chewang accompanied by one Senior Officer from the Royal Audit Authority visited Maldives from 10th to 14th October, 2012.

During the visit Dasho Ugen Chewang attended the Asian Regional Association for Public Accounts Committees (ARAPAC) meeting held in Maldives. In the meeting, the SAI Maldives delivered a training session on the relationship between the SAI and the PAC. The Hon’ble Auditor General of Bhutan also shared Bhutan’s experience on the relationship between the SAI and the PAC. On 14th October, 2012, Auditor General of Bhutan participated in a Public

Lecture scheduled by Auditor General’s Office of the Republic of Maldives and shared Bhutan’s experience on the role of SAI in promoting public accountability.

The visit to the Maldives was made after a visit paid by Auditor General of the Republic of Maldives to Bhutan in June this year. The visit has strengthened the existing goodwill cooperation between SAI, Bhutan and Maldives.

Hon’ble Auditor General completes Sensitization Program in another five Dzongkhags

The Hon’ble Auditor General, Dasho Ugen Chewang accompanied by officials from Follow-up Division completed sensitization program in another five Dzongkhags. These Dzongkhags were Bumthang, Trongsa, Lhuentse, Mongar and Lhuentse. Around 980 officials were briefed on the history, evolution and mandates of the Royal Audit Authority with reference to the Constitution of the Kingdom of Bhutan and the Audit Act of Bhutan 2006. The participants were sensitized on the roles of RAA in the parliamentary democracy and how it functions in exercising its oversight role in public operations. He presented the impacts of audit and positive change in mindset of the audited agencies towards RAA recently. Sharing on the common issues in constructions and procurements across the sectors, the Auditor General invited the official of the agencies audited to refer to ‘The Construction Audit Manual 2011’ and



‘The Procurement Audit Manual 2011’ which may aid the agencies in taking proactive actions to prevent occurrences of

similar lapses. The gathering was also informed about complaints against auditors and on ways to deal with such issues as detailed in the Auditor General's Standing Instructions.

As a part of the sensitization programme, the follow-up and review exercise of past audit pending issues in the five Dzongkhags were also discussed. Auditor General informed the gatherings in the Dzongkhags that such review meetings were as per the directives of the Parliament and the outcome shall also be reported to the Parliament.

The meetings in the Dzongkhags were attended by respective Dasho Dzondags, Dzongrabs, Drangpons, local leaders, and representatives from Rabdeys and Armed Forces, Sector Heads, officials of the Dzongkhags, representatives from corporate and private sectors.

The programme for the rest of the Dzongkhags will be commenced soon. It was funded by RGOB.

RAA staffs enjoy a picnic

Cherishing the moments with great joy, the RAA officials & staff had a picnic on Saturday, 8th December, 2012. While the headquarters officials had their moment of

togetherness at Parizampa, the regional officials enjoyed similar events in their respective areas. The picnic was a Soelra from His Majesty the King in recognizing humble and dedicated services rendered by Royal Audit Authority.

Seven Senior Officers promoted as Deputy Chief Audit Officers

The Royal Audit Authority in line with Section 7 Chapter 13 of the BCSR 2010 promoted seven Senior Audit Officers to the position of Dy. Chief Audit Officers on 5th November, 2012. The appointment to the new posts was based on Open Competition held on 12th October 2012 where apart from interview, written exams for both Dzongkha and English were conducted.

The new appointees are Mr. Puran Kumar Dural, Mr. Karma Tenzin, Mr. Chandra Bdr. Gurung, Mrs. Rinchen Choden, Mr. Yonten Phuntsho, Mr. Minjur Dorji, and Mr. Dorji Wangchuk.



RAA officials & staff enjoying various games organized during the picnic.

14th Audit Conference conducted

The 14th Annual Audit Conference on the theme “*Managing Change Within: Orienting Audit Approach in a GNH Society*” was held on 21st & 22nd December, 2012 at the College of Science and Technology, Phuentsholing. The two days conference was attended by over 150 participants from the headquarters and four regional offices.

The conference discussed various issues ranging from Review of Past Annual Audit Conferences and Policy Planning & Consultative Meeting resolutions, Review of Annual Audit Schedules 2011-2012, Mid-term Review of Annual Audit Schedules 2012-2013, Team-wise performance evaluation for the year 2011-12 & 2012-13. Apart from it, deliberations & discussions were also held on RAA’s Strategic Plan 2013-2018, HRD Master Plan 2013-2018, first draft Environmental Audit Guidelines, Audit Resource Management System (ARMS), Global Call on Capacity Building of RAA and on the draft outline of the Financial Resources Management Accountability Index.



The conference adopted 16 resolutions and the theme for the 15th Audit Conference was chosen as “*In pursuit of Excellence: The Role of RAA in a Democracy*” to be held in the year 2014.

Annual Mangi Kurim organized in RAA

The Royal Audit Authority performed its Annual Mangi Kurim on 9th November, 2012 at the RAA choesham. His Holiness Tshegne Lopen Tandin Tshewang Rimpoche from Zhung Dratshang presided over the Kurim and rituals on Guru Dragmar was also performed and later the Dragmar Wang, blessing of Red-faced Guru was administered to the officials and staffs of RAA.

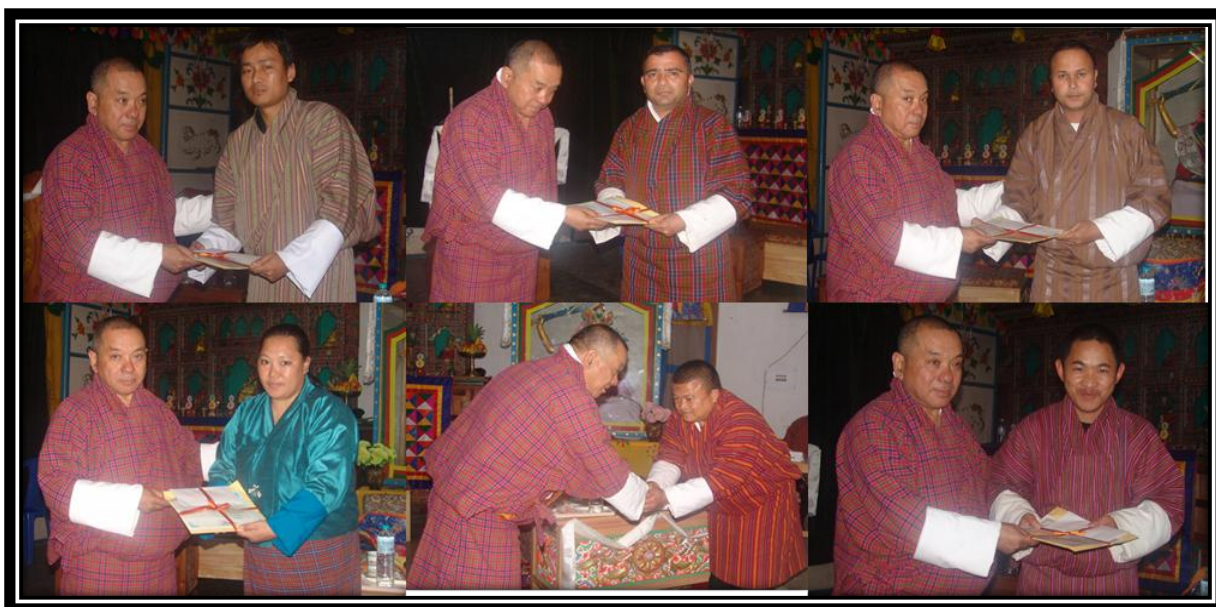


During the day long Kurim, the officials and staffs of RAA offered Tshog and Nyendar for the peace and prosperity in the country and good health and happiness while performing their duties. The event was organized by the Administration & Finance Division and funded through Audit Staff and Welfare Scheme (ASWS).

Auditor General awards certificates for best audit reports and best significant audit observations

Three financial audit reports and one performance audit report were awarded the “Auditor General’s Compliance Assurance Award 2012”. The Financial Audit Report on ‘Road Network Project’ conducted by Social, Communication and Information Division and Office of Assistant Auditor General of Bumthang bagged the Best Report award, while “Audit Report on the Accounts & Operations of the Department of Trade, Ministry of Economic Affairs, Thimphu” by

prizes. The winning observations were “Clarity on the strategy to meet constitutional requirements” from the PA Report ‘Performance Audit of Environmental Issues in Forestry’, by the Thematic Audit Division; “Shortages of the sale proceeds of Machineries and Spare Parts” from the ‘Audit Report of Regional Agriculture Machinery Centre, Bajo’ by OAAG, Tsirang; “Discrepancies in the construction of irrigation channel from



Resource, Trade, Industry and Commerce Division took second place and the “Report on the Audit of Accounts & Operations of the Bhutan National Bank, Corporate Office” by Corporations & Financial Institutions Division took the third best report awards respectively. The Performance & System Audit Division’s performance audit report on ‘Constituency Development Grant’ was adjudged the best Performance Audit Report for the year.

Similarly, three best significant audit observations also received certificates & cash

Lungderichu to Bainangkhar ” from the ‘Audit Report of Gewog Administration, Tongshang, Trashi Yangtse’ by OAAG, Samdrupjongkhar.

The best significant audit observations were adjudged based on six criteria such as; Planning and audit approach, Degree of severity of observation, Financial materiality, Uniqueness, Professional Judgment and Presentation.

Twelve observations were submitted for the Significant Audit Observations Workshop held on 2nd July, 2012.

ARTICLES

In this edition, the column is dedicated to the history of RAA and its journey to the Druk Thuksey. Here's an opportunity to refresh our memories and relive those cherished moments.

RAA- Four decades of inspirational journey to Druk Thuksey : Chronology of events from 1961 to 2012

It is indeed an honour and privilege for me to present an institutional transformation of the Royal Audit Authority as the Supreme Audit Institution of Bhutan over the period of four decades that has led us to “Druk Thuksey”. An unwinding of history of this organisation reveals unprecedented institutional and professional transformation, ultimately becoming one of the Constitutional Offices in Bhutan. We would have never dreamt of such a prestigious and highest recognition from His Majesty the King as an institution for the services it has offered to the nation. However, such an award is a clear indication that the Royal Audit Authority has not failed in discharging its responsibilities of auditing and reporting without fear, favour or prejudice, and has lived up to the expectation of His Majesty the King, the People and the Nation.

As we mark the joyous occasion of receiving such an award from His Majesty the King, it is more than appropriate to reflect upon the past and present achievements that contributed to recognition as “Heart Son of Bhutan – the Druk Thuksey”.

I. Institutional transformation of the Royal Audit Authority

Auditing is a crucial function to promote accountability and transparency and achieving good governance. Bhutan was conscious of efficient financial management system since the start of developmental activities. Having felt the need for such a function, prior to 1960 public officials were made directly answerable to the King.

Later in 1961, the 16th session of the then National Assembly proposed for a separate Audit system in Bhutan. Subsequently in 1963, Manual for Financial Accounting and Service Rules came into effect and Accounts and Audit organisation was instituted under the then Development Wing. The Audit and Accounts organisation maintained the books of accounts, conducted budgetary controls and undertook periodic audit of accounts and records.

The 31st Session of the National Assembly voted in October 1969 for the appointment of Royal Auditors to conduct the audit of accounts and records of the Royal Government. Consequently on 16th April 1970, the Royal Audit Office was established with first four Royal Auditors under the Royal Kasho. The Kasho defined and authorized the jurisdiction of Royal Audit Office as primarily responsible for the audit of accounts of all ministries, three armed forces and His Majesty's secretariat.

The Royal Government of Bhutan restructured the financial management system and developed the Financial Manual in 1974. The Financial Manual 1974, acclaimed under Resolution 29 of the 34th Session of the then National Assembly

placed the Royal Audit Department under the Ministry of Finance.

After about a decade of service as a department under the Ministry of Finance, the Royal Audit Department was granted autonomous status in 1985 with the appointment of Dasho Sonam Tobgay (Currently His Excellency the Chief Justice of the Supreme Court of Bhutan) as the 1st Auditor General of the fully autonomous Royal Audit Authority.

The Royal Government revised the financial manual in 1988. In order to respond to the changes in financial management system of the government and to provide guidance on auditing and also to define roles and responsibilities of audit, the Royal Audit Authority drafted and adopted the General Auditing Rules and Regulations in 1989.

The Royal Audit Authority was further upheld as one of the constitutional bodies in 2005 with its mandate enshrined under Article 25 of the Constitution of the Kingdom of Bhutan. This was followed by an enactment of Audit Act of Bhutan on 30 June 2006 by the then National Assembly of Bhutan, which provided further functional independence and institutional direction. The Constitution of the Kingdom of Bhutan 2008 and the Audit Act of Bhutan 2006 transformed the mandate, and roles and responsibilities of the Royal Audit Authority suiting the needs of a constitutional democracy.

Over the period of four decades, the Royal Audit Authority had received six Royal Kashos, i.e. 1970, 1997, 1999, 2000, 2005 and 2010 covering the mandates of the Royal Audit Authority and stressing the

importance of the organisation and its independence. These blessings from the successive Monarchs have helped this organisation to transform into a professional organisation and served as triggers for initiating various institutional reforms.

II. Enhancement of transparency & accountability in the government

As an oversight body and watchdog of public spending, the Royal Audit Authority has been able to make a difference to the society by creating profound impact in the public operations through its reports, recommendations and strong presence. Over the period of four decades, the Royal Audit Authority has been able to enhance transparency and accountability in the government and public sectors through providing independent and objective opinion on the use of public resources. The audit reports, which were prepared objectively and independently, had become strong tool to counter fraud and corruption and facilitated the executive branch of the government to make policies and decisions that are in the best interest of the Bhutanese citizens. The system of accountability has been upheld in the government and public sector operations due to the system of fixing the accountability against individuals and strong follow-up action carried out by the Royal Audit Authority.

III. Institutional & professional development reforms

With the fast changing environment and the system of entire government operations, it was necessary for the Royal Audit Authority to undergo some changes in its institutional set up to respond to the changing scenario.

The Royal Audit Authority opened two regional offices in Gelephu and Samdrup Jongkhar in early 1980s. However, the regional office in Gelephu had to be closed down due to security problems in 1990s. Today we have four regional offices located in Bumthang, Tsirang, Phuentsholing and Samdrup Jongkhar. These regional offices are strategically located in our bid to take our services closer to our stakeholders and provide timely services.

The restructuring of organisation had been a continuous process over the period of four decades. The history reveals that major restructuring was carried out in early 2000 followed by organisational development exercise in 2007. We have been able to align our functions in accordance with the constitutional mandate focusing on auditing and reporting on economy, efficiency and effectiveness in the use of public resources. This required the Royal Audit Authority to strengthen its Performance Audit function by building manpower capacity and expertise, and creating a dedicated division. Performance auditing gained popularity amongst the Parliamentarians, decision makers and the public at large, which is also an indication of impact created by this audit. To further address the emerging issues in the field of information technology and environment related issues, the Royal Audit Authority had created Thematic Audit Division. A dedicated Research & Quality Assurance Division was established to ensure quality of our products – i.e. the audit reports.

In order to enhance timely and effective delivery of services to our stakeholders, we have been able to adopt systematic and

coordinated approach in carrying out the audit by preparing realistic annual audit schedule based on five-year strategic projections.

The Royal Audit Authority started preparing Annual Audit Reports from the year 2002 and we have 12th Annual Audit Report in the latest row. With the system of preparing and issuing the annual audit reports, the Royal Audit Authority has been able to report its results to the public in a transparent manner. The system of issuing the Annual Audit report empowered the Bhutanese citizens to hold the custodians of the public purse accountable for their action.

The government financial management system saw yet another milestone with the adoption of Financial Rules & Regulations in 2001. Consequently the Royal Audit Authority certified the Annual Financial Statements of the Royal Government of Bhutan for the first time in 2003 as required under the Financial Rules & Regulations 2001.

On international front, the Royal Audit Authority had secured membership in International Organisation of Supreme Audit Institutions (INTOSAI) and Asian Organisation of Supreme Audit Institution (ASOSAI). It has created international presence through its active involvement and participation in various activities organised by these organisations.

The Royal Audit Authority is also a member of INTOSAI Working Group on Environmental Audit (WGEA) and INTOSAI Working Group on IT Audit (WGITA). The Royal Audit Authority as a member expects to strengthen the

institutional capacity in carrying out the IT & 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. We have fared well in the areas of performance auditing and we have earned the pride of being considered as an example and we are looked up to by other Supreme Audit Institutions for the progress we have made in this area.

Besides participating in training programmes organised by ASOSAI and INTOSAI, we have three INTOSAI certified training specialists who are involved in delivering training to participants from other member Supreme Audit Institutions. This mode of participation has also leveraged our presence in international arena.

The Royal Audit Authority as an organisation primarily exists to deliver professional services of audit and assurance to the stakeholders. Recognising the importance and due regard for our stakeholders to receive highest quality of our services, various initiatives and innovations were put in place such as development of audit manuals & guidelines, institution of quality assurance review, professional enhancement of auditors, training programmes mostly delivered in-house as a part of Continuing Professional Development Policy, participation in trans-regional audit organised by the INTOSAI Development Initiatives, etc.

The RAA had also embarked upon Risk Based Auditing, which is a paradigm shift in auditing approach aimed at enhancing efficiency and effectiveness of audit. The

transition was more apt in view of the constraint of audit resources. All of these had contributed to attaining professionalism in Royal Audit Authority's work in order to enhance our capabilities both in terms of organisational and human resources. Having worked for several decades in right perspective, today, unlike in the past, the acceptance of RAA's work by our stakeholders is ever increasing and appreciations for our work pour from every corner.

IV. Technological advancement

The Royal Audit Authority recognised that it cannot afford to ignore the advancement of ICT within and outside the country. While the computers were used as early as 1980s in Bhutan, a comprehensive system was developed in the Royal Audit Authority in the second half of 1990s. This automated the issue of audit clearance system and facilitated maintaining audit reports and carrying out follow-up of past audit reports amongst others. Subsequently, beginning 2010, the system of processing and issuing audit clearance was made online, thereby expediting the delivery of services and reducing the time and cost. To build further on the existing system, the Royal Audit Authority embarked upon very robust and dynamic system called as Audit Resources Management System (ARMS), which is currently under development phase. Once completed, the system will have all our functions integrated and automated including administration and Human Resources related activities.

V. Sustained relations with the Parliament and the Public Accounts Committee

The Royal Audit Authority enjoyed a strong working relationship with the then National Assembly of Bhutan and the Public Accounts Committee. This relationship has been further strengthened with unprecedented support received from the first Parliament of Bhutan and the existing Public Accounts Committee. The importance and due regard given to annual audit reports of the Royal Audit Authority by the Parliament and the Public Accounts Committee had created huge impact in promoting accountability and transparency in the use of public resources and government operations. The review by the Public Accounts Committee and further submission to the Parliamentary sessions had resulted in adoption of a number of resolutions, directing appropriate actions on the audit reports by the concerned agencies and authorities. Substantial amount of session time were devoted for discussion of audit reports, which in a way provide to show strong support extended by the Parliament to the RAA and the high significance accorded to this Authority. The most significant step taken by the Parliament was the directive to review and resolve pending audit observations, which the Royal Audit Authority has been able to pursue vigorously, and the outcome so far has been very productive.

VI. Relation with Anti-Corruption Commission

Prior to establishment of Anti-Corruption Commission and the Office of the Attorney

General, the Royal Audit Authority was functioning as an investigator as well as a prosecutor. With the establishment of Anti-Corruption Commission and Office of the Attorney General, we have been able to focus on audit and assurance services. Since the establishment of Anti-Corruption Commission, we have been working closely in combating corruption. We alert the ACC of indication of fraud and corruption and share with them the reports containing fraud and corruption cases. At times, we also share our human resources to carry out investigation.

VII. Acknowledging the leadership provided by former Auditors General

Recapitulating the institutional memory of last 42 years or so, one thing that came clearly to everyone is the successive dynamic leaders this Institution was blessed with and with their vision and directions, the Institution has been able to transform from a mere Committee of Accounts and Audit to one of the Constitutional Authorities in Bhutan. Their visions translated into what RAA stands today. The successors followed the footsteps of predecessors and further strengthened the organisation. The recognition and reward of Druk Thuksey from His Majesty the King is the result of dynamic leadership provided by our successive leaders and hard work and commitment of past and present employees of the Royal Audit Authority.

VIII. Gratitude to successive Monarchs and pledge to His Majesty the Fifth Druk Gyalpo

The Royal Audit Authority was able to function independently with continuous

blessings from successive Monarchs. These blessings have not only inspired and motivated us to strive for the best, but also strengthened the institution through personal guidance and issuance of successive Royal Kashos. We once again pledge our dedication and loyalty to serve His Majesty the King, the Country and the People and maintain the spirit of auditing and reporting without fear, favour or prejudice.

IX. Way-forward: Challenges and opportunities

The Royal Audit Authority is currently on the footing of its Strategic Plan 2010-2015 guided by two strategic goals; i.e. to contribute towards positive changes in the government accountability and effectiveness of public services; and provide sustainable and demonstrable coherence, consistent quality and efficient audit services to the Parliament and other stakeholders. These are supported by six programmatic goals. With these strategies in place, we are confident to maintain and sustain the delivery of our services, and further strengthen the organisation.

We are also in the process of aligning our auditing approach to address the achievement of Gross National Happiness goals by inculcating the mechanism of transparency and accountability through auditing and reporting. While it will be a challenge to develop methodologies and techniques to address such issues from auditing perspective, making a difference to the lives of Bhutanese citizens through such approach would be an opportunity for the Royal Audit Authority.

To reiterate, we have been continuing many other good practices introduced by our past leaders such as audit awareness programmes and holding of theme based annual audit conferences, which have created positive impact on effectiveness of audit services.

Contributed by
Karma Tenzin
AAG, CFID



Professional Development Initiatives in RAA

In an effort to continually upgrade the knowledge and skills of the Royal Audit Authority's employees and enhance their performances to effectively deliver the RAA's mandates, the Continuous Professional Development Policy (CPDP) of RAA conducts numerous in-house trainings that are delivered by in-house as well as experts and resource persons from other agencies:

Sl No.	Course Name	Course Duration	No. of Participants	Resource Person
1	Microsoft Excel & PowerPoint.	20-24 August 2012	5	Chime Dorji, AO
2	Geographic Information System (GIS) & Geographic Positioning System (GPS).	27-31 August 2012	10	Shankar Sharma & Jigme Tenzin, NLCS
3	Effective Communication Skills in the work environment.	10-14 September 2012	5	Chhoden, AO
4	Implementation of the Model Audit Plan Outline.	8-12 October 2012	27	Karma Tenzin, AAG
5	Training on Model Audit Plan.	19-23 November 2012	14	Rinzin Lhamo, SAO
6	Implementation of the Model Audit Plan Outline.	26-30 November 2012	14	Kencho Dorji, SAO
7	Effective Store Management and Operations.	10-14 December 2012	4	Penjor, AO

Source: HRIRD

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	WHAT WE DO	CORE VALUES	MANDATES
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.	We have over 890 entities and over 232 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.	Every auditor subscribes to Sixteen Principle of Oath of <i>Good conduct, Ethics and Secrecy</i> upon their appointment to audit and report on the effective of public resources without fear, favour or prejudice. Our Core Values are: <i>Independence Objectivity Integrity Commitment Professionalism Reliability</i>	Prior to 2006, the RAA derived its mandates mainly from the <i>Royal Decrees</i> 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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