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Royal Audit Authority



**INTERIM REPORT
OF
ACTING AUDITOR GENERAL**

(PERIOD: 01 AUGUST 2020 - 19 OCTOBER 2020)

Table of Contents

BACKGROUND.....	2
PART I: CORE MANDATES – Auditing and Reporting.....	3
a) Audits completed, Reports issued and audits on-going	3
b) Audits suspended due to COVID 19.....	3
PART II: ENGAGEMENT WITH STAKEHOLDERS.....	4
a) With Public Accounts Committee (PAC), Parliament.....	4
b) With Department of National Budget (DNB), MoF	4
c) With Department of Public Accounts (DPA), MoF	4
d) With Ministry of Works and Human Settlement (MoWHS).....	5
e) Participation at International forum.....	5
PART III: HR MANAGEMENT AND INITIATIVES.....	6
PART IV: SUPPORT TOWARDS CONTAINING COVID-19.....	7
PART V: OTHER PARTICIPATION.....	7

Background

Dasho Tshering Kezang, the 2nd Auditor General to be appointed as per provision of the Constitution of the Kingdom of Bhutan had demitted office on 31 July 2020 after successful completion of five year tenure.

Subsequently, Ugyen Dorji, Deputy Auditor General took over the charges of the Royal Audit Authority as the Acting Auditor General based on Handing Taking over charges carried out on 31 July 2020.

During the interim period of 80 days, the Royal Audit Authority had carried out normal functions and ensured continuous delivery of audit services to stakeholders.

Some of the key activities carried out are highlighted under:

- Made presentation on 7 (seven) Audit Reports to Members of Public Accounts Committee (PAC), Parliament for consideration and deliberation during the upcoming winter session of the Parliament;
- Participated in virtual meetings of four Working Groups viz. Working Group on Environmental Audits (WGEA), Working Group on Public Debt (WGPD), Working Group on Big Data (WGBD) and Working Group on IT Audit (WGITA) hosted by INTOSAI and ASOSAI on areas of capacity building and knowledge sharing;
- Pursued drafting of RAA's Strategic Plan 2020-2025 and Operational Plan 2020-2021; and
- Conducted virtual meetings with forty-one (41) audit teams of both Head Office and Office of the Assistant Auditors General and reminded them the importance of shouldering the responsibilities **SMARTLY** in a fast changing environment.

It was indeed a humbling moment to take charge of the Institution. All the Deputy Auditors General, Assistant Auditors General and staff rendered unflinching support and cooperation to run this august Institution and I owe them deep sense of gratitude.

Lastly, I take this opportunity to offer my warmest TASHI DELEK to Dasho Tashi for his appointment to the post of Auditor General and wish many successes.

PART I: CORE MANDATES – AUDITING AND REPORTING

- The outbreak of COVID 19 in March 2020 and lockdown for 21 days in subsequent months in the country spared none of the organizations, including the Royal Audit Authority. It exposed our deep vulnerabilities and urgent need of business continuity plan in such period of uncertainties.
- It directly hampered the conduct of field audits and suddenly brought the implementation of Annual Audit Schedule (AAS) 2020-2021 to a grinding halt. Access and travel restrictions and the reduced availability of personnel due to health considerations from the COVID-19 pandemic is impacting how auditors plan and execute audits. The respective Departments and Divisions made necessary changes in the audit plans.
- The implementation of AAS 2020-2021 began only after relaxation from 7 September 2020. The status during the period were as below:

a) Audits completed, Reports issued and audits on-going

- 50 audits completed are yet to issue report or not due for issue. Out of 50, a total of 27 audits completed pertains to AAS 2019-2020 of the Office of Assistant Auditor General, Bumthang;
- 81 Audit Reports were issued, out of which 54 pertains to AAS 2019-2020;
- Submitted the Review Report of AAR 2010-2018 and status of AAR 2019 to Public Accounts Committee (PAC), Parliament; and
- 42 audits on-going in different agencies and locations as on 20 October 2020.

Details are indicated in **Annexure-A, B & C.**

b) Audits suspended due to COVID 19

- Sub regional Economic Cooperation Road Connective Project, SASEC (Grant - 0400) BHU, Thromde, Phuentsholing; and
- Sub regional Economic Cooperation Road Connective Project, SASEC (Grant - 0400) BHU, DoR, Phuentsholing.

PART II: ENGAGEMENT WITH STAKEHOLDERS

- In order to sustain collaborations with stakeholders, the RAA had participated in various meetings, some of which are as highlighted under:

a) With Public Accounts Committee (PAC), Parliament

- Deputy Auditors General accompanied by respective Division Chiefs had attended consultative meetings organized by the Public Accounts Committee (PAC) from 31 July 2020 to 11 August 2020 for Performance Audit Reports submitted to the Parliament in 2019 and early 2020 as below:

SL. No.	Reports	Date
1	Performance Audit Report on Road Maintenance Report, 2019	31 July 2020
2	Performance Audit Report on Food Self-sufficiency & Security, 2019	3 August 2020
3	Performance Audit Report on Micro Financing, 2019	4 August 2020
4	Performance Audit Report on Urban Planning & Development in Thromde, 2019	5 August 2020
5	Performance Audit Report on Housing Development – Adequacy and affordability, 2019	6 August 2020
6	Review Report on Judiciary system and Practices, 2019	10 August 2020

- On 5 October 2020, a team led by Deputy Auditor General presented the Annual Audit Report 2019 to the Hon Members of National Council and National Assembly and communicated the audit results for consideration and deliberation in upcoming winter session of the Parliament.

b) With Department of National Budget (DNB), MoF

- On 5 August 2020, the Acting Auditor General accompanied by AAG, PPD and Head, AFS attended discussion on re-prioritization of budget for the Financial Year 2020-21 organized by the Department in the Conference Hall, Election Commission of Bhutan (ECB).
- Officials from ACC and ECB also participated in the discussion.

c) With Department of Public Accounts (DPA), MoF

- On 7 August 2020, the RAA hosted a consultative meeting with Director, DPA on proposed clustering of Accounts personnel which is being pursued by the Department as a part of resources optimization.

- RAA and DPA agreed to hold further discussion and deliberation on proposed reforms including RAA's proposal for consolidation of accounts to minimize the audit universe for effective utilization of scarce resources.

d) With Ministry of Works and Human Settlement (MoWHS)

- On the request of the Ministry, the RAA hosted a consultative meeting on 7 August 2020 on Construction Industry Bill in RAA's Conference Hall. The participants shared feedbacks and suggestions for consideration in the draft bill.

e) Participation at International forums

i. *INTOSAI Development Initiatives (IDI)*

- The Strategic Plan team had attended meetings with INTOSAI Development Initiatives (IDI) virtually on several occasions gearing towards finalization of the plan.
- On 25 August 2020, a 3 Member Operational Plan team had attended virtual meeting hosted by INTOSAI Development Initiatives (IDI) on the way forward for Operational Plan workshops to be held in subsequent months.

ii. *INTOSAI Working Group on Public Debt (WGPD)*

- On 26 August 2020, ten officials attended virtual meeting on Working Group on Public Debt hosted by SAI Philippines as Chair of the Working Group. A total of thirty-two (32) member SAIs attended the meeting and shared their experiences on audit of public debts and challenges posed by COVID 19.

iii. *ASOSAI Working Group on Environment audit (WGEA)*

- 9 officials had attended 7th Working Meeting of ASOSAI WGEA held on 7th September virtually. SAI China had organized and more than 60 representatives from 17 member SAIs attended the meeting and deliberated on the following:
 - Proposal on Green Vision Award;
 - Proposal on conduction of 2nd cooperative environment audit and research project;
 - Proposal on cooperative environment audit on water resource management in the Mekong River Basin; and
 - Proposal on "Online and Face-to-Face" Themed Training on Environmental Audit

iv. INTOSAI Working Group on Big Data (WGBD)

- On 24 September 2020, 9 officials had attended virtual meeting on Working Group on Big Data hosted by SAI China. Besides sharing best practices by member SAIs, the meeting covered the following:
 - Progress of the Project: “Big Data Audit Technology” by SAI Indonesia;
 - Progress of the Project: “Guidance on Conducting Audit Activities with Data Analytics” by SAI China; and
 - SAI USA presentation on GAO’s Innovation La: sailing or failing? Driving Audit Innovations in the Digital World.

v. INTOSAI Working Group on IT Audit (WGITA)

- On 6 October 2020, 5 officials with IT background had participated in virtual meeting of INTOSAI Working Group on IT Audit hosted by SAI India and SAI Hungary. Some of the county paper presentations included:
 - Strengthening information security measures of local governments by the Government by SAI Japan;
 - Cloud Technology – Risks Assessment and Mitigation by SAI Afghanistan;
 - Data analytics to mitigate risks in the audit of procurement by SAI Malaysia, and
 - System Automation Initiative in Audit of Revenue Receipts by SAI India

vi. Other participations

- As a Member to Forum for International Professional Pronouncement (FIPP) Tashi Tobgay, Deputy Auditor General had attended meeting of the Forum on several occasions virtually.
- Dechen Pelden, Assistant Auditor General as a Regional Resource person for the capacity building on SAI’s Strategy, Performance Management and Reporting (SPMR), ID had continued to assist SAI Thailand and Maldives through virtual platforms for the drafting of Strategic Plan.
- Sonam Wangmo, Assistant Auditor General, PAD had continued to engage as a Mentor for the Performance Audit on SDGs Implementation.

PART III: HR MANAGEMENT & INITIATIVES

- On 13 October 2020, the RAA submitted Project proposal for emergency Grants to enhance SAI resilience through ICT solution under SUADI fund;

Interim Report of Acting Auditor General

- On 30 September 2020, a selection interview was held for Masters in Economics under ADA fund project. One candidate attended the interview virtually;
- Drafted Standard Operating Procedures for HRIRD and is under review;
- On 2 September 2020, the HRIRD organized 221 HR & Governance committee meeting and was held virtually, which was first of its kind;
- Acting AG conducted virtual meetings with entire forty-one (41) audit teams of audit functional Divisions and Regions and highlighted on following:
 - ✓ Key activities being undertaken by RAA, Head Office & participation in international arena;
 - ✓ Expectation of the top management and impact of COVID 19 on field audits;
 - ✓ Disseminated key findings raised by last Internal Audit team; and
 - ✓ Highlighted importance of team spirit and harmony towards achievement of teams and respective Divisional output, which is imperative for the overall achievement of Organizational goals and objectives.
- Formulated and adopted “**new normal**” Engagement Plan in an effort to help control the spread of COVID 19.
- Due to COVID 19 lockdown, the training on Analysis and Interpretation of Financial Statements at PDC, Tsirang which began on 10 August 2020 had been discontinued.

PART IV: SUPPORT TOWARDS CONTAINING COVID 19 TRANSMISSION

- A total of fifty-three (53) *Desuups* were engaged in the field operations to contain the spread of the virus in the country;
- The Professional Development Centre at Tsirang was allowed to use as one of the quarantine centers;
- 3 officials continued to engage in Kidu fund management; and
- 5 pool vehicles were engaged during the lockdown to assist the National Tasks Force for COVID 19.

PART V: OTHER PARTICIPATION

- On the invitation of the Ministry of Foreign Affairs, the Acting Auditor General had participated in signing of **CONDOLENCE** Book at Embassy of India on 5 September 2020 in honour of late Shri Pranab Mukherjee, former President of India.

Interim Report of Acting Auditor General

- 4 Deputy Auditors General represented RAA and participated in signing **CONDOLENCE** book in honour of late Emir Sheik Sabah Al-Ahmad A- Jaber of Kingdom of Kuwait at the Kuwaiti Embassy based in Thimphu.

Annexure-A

Audits Completed but Reports not issued or not due

SL. No.	Divisions/OAAGs	AAS 2019-2020	AAS 2020-2021	Total
1	Compliance and Outsource Audit Division (COAD)	0	2	2
2	General Governance Division (GGD)	0	7	7
3	Resources, Trade, Industry and Commerce Division (RTICD)	0	4	4
4	Social, Communication & Information Division (SCID)	0	2	2
5	Performance Audit Division (PAD)	0	0	0
6	Thematic Audit Division (TAD)	0	0	0
7	Office of Assistant Auditor General (OAAG), Bumthang	27	2	29
8	Office of Assistant Auditor General (OAAG), Phuentsholing	0	4	4
9	Office of Assistant Auditor General (OAAG), Samdrup Jongkhar	0	1	1
10	Office of Assistant Auditor General (OAAG), Tsirang	0	2	2
Total		27	23	50

Annexure- B

Audits Reports Issued

SL. No.	Divisions/OAAGs	AAS 2019-2020	AAS 2020-2021	Total
1	Compliance & Outsource Audit Division (COAD)	8	12	20
2	General Governance Division (GGD)	0	5	5
3	Resources, Trade, Industry and Commerce Division (RTICD)	0	4	4
4	Social, Communication & Information Division (SCID)	0	4	4
5	Performance Audit Division (PAD)	1	0	1
6	Thematic Audit Division (TAD)	1	0	1
7	Office of Assistant Auditor General (OAAG), Bumthang	25	0	25
8	Office of Assistant Auditor General (OAAG), Phuentsholing	7	2	9
9	Office of Assistant Auditor General (OAAG), Samdrup Jongkhar	0	0	0
10	Office of Assistant Auditor General (OAAG), Tsirang	12	0	12
Total		54	27	81

Annexure-C

Audits ongoing (AAS 2020-2021)

SL. No.	Divisions/OAAGs	AAS 2020-2021
1	Compliance and Outsource Audit Division (COAD)	4
2	General Governance Division (GGD)	6
3	Resources, Trade, Industry and Commerce Division (RTICD)	4
4	Social, Communication & Information Division (SCID)	4
5	Performance Audit Division (PAD)	2
6	Thematic Audit Division (TAD)	2
7	Office of Assistant Auditor General (OAAG), Bumthang	5
8	Office of Assistant Auditor General (OAAG), Phuentsholing	5
9	Office of Assistant Auditor General (OAAG), Samdrup Jongkhar	4
10	Office of Assistant Auditor General (OAAG), Tsirang	6
Total		42

