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ROYAL AUDIT AUTHORITY



**AUDIT RULES AND REGULATIONS OF
THE KINGDOM OF BHUTAN 2020**



ཀྲུལ་གཞུང་ཚུལ་ཞིབ་དབང་འཛིན།
ROYAL AUDIT AUTHORITY
Bhutan Integrity House

Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



FOREWORD

With the adoption of the Constitution of the Kingdom of Bhutan, and recognizing the importance of auditing and reporting without fear, favour or prejudice, the status of Royal Audit Authority (RAA) was elevated to that of a Constitutional Body.

Section 60 of the Audit Act of Bhutan 2018 empowers the RAA to frame Rules and Regulations, Policies, Procedures and Guidelines as may be required for carrying out its functions, duties and responsibilities efficiently and effectively. Accordingly, the RAA is pleased to adopt the Audit Rules and Regulations of the Kingdom of Bhutan 2020. Further, technical details are also incorporated where necessary to fulfil the mandates and overcome complexities of times.

The Rules and Regulations is expected to provide more clarity on the process of enhancing accountability, internal governance, delineating responsibilities and thereby, strengthening the RAA's ability to serve the *Tsa-Wa Sum* with added vigor and zeal.

The Royal Audit Authority would like to urge every stakeholder to familiarize themselves with and adhere to the provisions and requirements under this Rules and Regulations towards achieving higher quality in audit services.

The Audit Rules and Regulations of Kingdom of Bhutan is adopted and issued on this 25th of July 2020 which shall come into effect from 1st August, 2020.

Tashi Delek

(Tshering Kezang)
Auditor General of Bhutan

"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."
- His Majesty the King Jigme Khesar Namgyel Wangchuck

P.O. Box: 191 | Kawangjangsa | Thimphu | Bhutan | Tel: +975-2-322111/328729/328730/324961 | Fax: +975-2-323491
Website: www.bhutanaudit.gov.bt | Email: info@bhutanaudit.gov.bt and tkezang@bhutanaudit.gov.bt

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PREAMBLE

Whereas, to implement and enforce the provisions of the Audit Act of Bhutan 2018 effectively, the Royal Audit Authority hereby adopts and promulgates the Audit Rules and Regulation of the Kingdom of Bhutan 2020 in exercise of the power conferred under Section 60 of the Audit Act of Bhutan 2018.

Chapter 1 Preliminary

Title, Commencement and Application

1. This Rules and Regulations shall:
 - a. Be called the Audit Rules and Regulations of the Kingdom of Bhutan 2020.
 - b. Come into force on 13th Day, of the 6th Month of the Iron Male Mouse Year of the Bhutanese calendar corresponding to the 1st day of August 2020.
 - c. Apply to the Authority and all government and other entities including private parties and individuals as may be relevant in regulating and administering auditing and other functions covered by the Act.

Interpretation

2. The power to interpret this Rules and Regulations shall vest with the Authority who may issue such instructions and clarifications as may be necessary to give effect thereto.

Repeal

3. Upon coming into force of the Regulation, any existing Policies, Executive Orders and Instructions pertaining to the subject matters addressed by this Regulation shall be repealed.

Rule of Construction

4. In this Rules and Regulations, unless the context indicates otherwise, the singular shall include the plural and masculine shall include the feminine.

Amendment

5. This Rules and Regulations may be amended by the Authority from time to time.

Chapter 2 **Organization of the Authority**

Royal Audit Authority

6. The Royal Audit Authority, the Supreme Audit Institution of Bhutan established pursuant to Section 6 of the Act is an independent Authority which shall exercise the jurisdiction and powers, and discharge the function conferred or imposed by the Act.

Advisory Committee of the Authority

7. In pursuant to Section 8 of the Act, the Advisory Committee shall assist the Auditor General in discharging his roles and responsibilities as per the Act is established.

Members of Advisory Committee

8. Advisory Committee shall comprise of:
 - a. Auditor General;
 - b. Joint Auditor General, and
 - c. All Deputy Auditors General.

Office procedure of the Advisory Committee

9. The Auditor General shall be the Chairperson of the Advisory Committee.
10. The Deputy Auditor General, Directorate of Services shall be the Member Secretary to the Committee and shall function as per the roles and responsibility assigned under this Rules and Regulations.
11. The presence of at least two-third members shall form the quorum of a Meeting.

12. The Advisory Committee shall meet at least four times annually at a time and place determined by the Chairperson.
13. The Agenda and Minutes of the Meeting shall be documented and duly authenticated under the signatory of the Advisory Committee.
14. The Chairperson may require such other person or persons of the Authority to attend any Advisory Meetings as invitee to provide expert opinion or provide information and explanations on specific items of the agenda.

Functions of the Advisory Committee

15. The Advisory Committee shall:
 - a. Make strategic decision and set priorities of the Authority;
 - b. Approve strategic, operational and annual plans of the Authority;
 - c. Review Annual Audit Report and other significant audit reports before submission to His Majesty the Druk Gyalpo, Prime Minister and the Parliament;
 - d. Approve cooperation arrangement with peer Supreme Audit Institutions/other national and international institutions in accordance with the relevant national law;
 - e. Approve membership to international professional bodies, working groups and technical experts in accordance with the relevant national law;
 - f. Explore and acquire international clientele such as audit of United Nation agencies, other international and regional bodies as may be necessary;
 - g. Nominate and approve members for Internal Governance Committees for discharging various functions of the Authority;
 - h. Issue terms of reference for various Committees established;
 - i. Approve Terms of References of the Departments, Regional offices, Divisions and Training Center;
 - j. Approve strategies and plans of Professional Development Center including training programmes at various levels;
 - k. Appoint Media Focal Person or Spokesperson for the Authority;

- l. Determine requirement in Executive and Specialist Category in the Audit Service in consultation with the Royal Civil Service Commission;
- m. Approve policies, rules and regulations;
- n. Approve and issue auditing standards, manuals, guidelines developed or adopt standards and guidelines issued by recognized national or international standard setting bodies;
- o. Approve arrangements with Central Coordinating Agency for Internal Audit Service, Ministry of Finance;
- p. Establish committee for instituting award schemes to employees of the Authority and audited entities;
- q. Approve rewards to individuals/ informers;
- r. Review and approve ex-country travels and transfer of head of divisions and regions;
- s. Review and approve peer review assessment of the Authority by other Supreme Audit Institutions or professional firms/bodies, and
- t. Review and endorse the decisions taken by other Committees as may be required.

Roles and Responsibilities of the Member Secretary

- 16. The roles and responsibilities of the member secretary shall include but not limited to the followings:
 - a. Prepare agenda of the meetings in consultation with the Chairperson;
 - b. Issue notices of the meetings and circulate agenda items to the members of Advisory Committee;
 - c. Circulate the relevant papers and information to the members of the Advisory Committee to give adequate time for the members to prepare;
 - d. Ensure that the logistical arrangements are arranged in advance if necessary;
 - e. Maintain minutes, record decisions of every meeting, and initiate follow-up on the decisions taken during the meetings;
 - f. Liaise with other Committees by facilitating discussions of agendas by convening meetings at regular interval;
 - g. Prepare and finalize the minutes of the meetings;
 - h. Ensure that resolutions of the meetings are implemented;
 - i. Keep proper storage or archival of the proceedings of the meetings, and

- j. Any other task as may be assigned by the Committee.

Other Internal Governance Committees

17. In accordance with Section 55(24) of the Act, the Authority constitutes the following Internal Governance Committees for transparent and effective functioning of the Authority.
 - a. Audit Committee;
 - b. Human Resource Committee;
 - c. Procurement Committee;
 - d. Finance Committee;
 - e. Follow-up Committee, and
 - f. Any other Standing Committee as may be constituted when necessary.
18. Each Committee shall function as per the respective Terms of References.
19. Functions for Human Resource Committee and Procurement Committee are as stipulated in BCSR and Procurement Rules and Regulations respectively.

Regional Offices and Training Centre

20. In pursuant to Section 10 of the Act, the Regional Offices and Training Centre shall be headed by an official of position level of EX3/ES3 and above.
21. Powers conferred under the Act may be delegated to Regional Offices as deemed necessary for their independent and effective functioning.
22. Powers and functions of the Regional Heads shall *inter alia* include the following:
 - a. Ensure compliance to the Act and Rules and Regulations;
 - b. Monitor and supervise the functioning of its office;
 - c. Liaise and coordinate with other law enforcement agency;

- d. In pursuant to the provision of Section 56(4) of the Act, the Regional Head shall settle audit observation based on the justification and evidence provided;
- e. Significant audit observations which cannot be settled within the regional office shall be submitted in written to Follow- up Committee;
- f. Forward significant fraud and corruption cases to the Headquarters, and
- g. Carry out any other function as deemed necessary.

Acting Auditor General

- 23. In absence of the Auditor General, the Acting Auditor General shall be designated in accordance with Sections 31 and 32 of the Act, to carry out routine functions of the Authority.
- 24. The Acting Auditor General shall discharge the responsibilities of Auditor General stipulated under Section 34 of the Act.
- 25. In addition to the responsibilities provided under Section 24 of this Rules and Regulations, the Acting Auditor General shall discharge functions which shall include:
 - a. Ensure effective implementation of the Act and Rules and Regulations;
 - b. Monitor implementation of audit schedules and other planned activities;
 - c. Approve Department Heads' travel authorization, travel claims and leave application, and
 - d. Represent Auditor General in various meetings and functions as consider necessary.
- 26. The Acting Auditor General shall discharge his responsibilities with due care and diligence in the interest of the Authority.
- 27. Acting Auditor General shall carry out the responsibilities until assumption of office by the Auditor General and formally handover the activities or decisions taken as Acting Auditor General.

Chapter 3

Code of Ethics and Professional Conduct

Code of Ethics for Auditor General and Employee

28. Auditor General shall abide by the Code of Professional Conduct as prescribed under Sections 36 to 50 of the Act and other relevant laws as well as Code of Ethics as prescribed by other professional bodies.
29. Code of Ethics and Professional Conduct as prescribed under Oath of Good Conduct, Ethics and Secrecy of Auditors shall form part of the terms of employment for all employees of the Authority who shall read, understand and sign the commitment to the Oath of Good Conduct, Ethics and Secrecy of Auditors.
30. As required under Section 51 of the Act, all employees of the Authority shall comply with the Oath of Good Conduct, Ethics and Secrecy of Auditors of the Authority, Civil Service Values and Conduct prescribed under the BCSR and Code of Ethics prescribed by other professional bodies.
31. An individuals or firms carrying out the audit activities on behalf of the Authority shall abide the Code of Ethics and Professional Conduct.
32. Assistant Auditor General shall ensure that:
 - a. Audit teams are briefed in matters relating to independence, objectivity and Oath of Good Conduct, Ethics and Secrecy of the Authority from time to time;
 - b. The auditor complies to Oath of Good Conduct, Ethics and Secrecy of Auditors and sign the requirement to comply to the Code of Ethics prior to taking up the audit assignment;
 - c. The auditor has assessed and signed the ethical threats arising as a result of taking up the particular audit and design safeguards to bring the threats to an acceptable level;

- d. The auditor shall declare and sign the Conflict of Interest in the prescribed form prior to taking up the audit assignment; and
 - e. The duly signed copy of the Conflict of Interest shall be documented appropriately.
33. When auditor finds himself with conflict of interest in any audit activities, the auditor shall decline to accept such engagement or restrain himself from performing further and request the Assistant Auditor General to terminate his engagement from that activity.
34. Upon receiving the request to terminate the engagement or on establishing the existence of the conflict of interest by the Authority, the Assistant Auditor General shall assign the auditor with another activity where there is no conflict of interest.

Violation of Code of Ethics and Professional Conduct

35. Violation of Code of Ethics and Professional Conduct by the Auditor General may be a ground for his impeachment in accordance with the relevant national laws.
36. Employees shall be accountable and liable for administrative actions for breach of Oath of Ethics and Professional Conduct.
37. Violation of the Code of Ethics and Professional Conduct by the individuals or firms carrying out audit on behalf of the Authority shall be a ground for either warning or de-empanelment.
38. An employee of the Authority or an individual or a firm carrying out audit activities on behalf of the Authority, if violates the code of ethics and professional conduct, which also constitutes a criminal offence, the person shall be punishable under relevant laws.

Chapter 4

Auditing and Reporting Standards

39. The Authority shall subscribe to highest standards for all types of audits including financial, compliance and performance audits, which shall be mandatory for all the auditors to follow in conduct of audit activities.
40. The Authority shall develop and issue its own public sector auditing standards or adopt international standards and other best practices following due process.
41. The Authority shall publish standards and practices in an appropriate manner to make the proposal known to the public and invite comments before issuing or adopting such standards.
42. The Authority shall prescribe appropriate audit methodologies and guidelines, and provide adequate trainings to the auditors for effective implementation of the Auditing Standards.

Quality Control and Assurance

43. The Authority shall institute adequate Audit Quality Management System which shall include quality control and quality assurance review mechanism for ensuring quality audit results.
44. The Authority's system of quality control shall emphasize on performing high-quality work through effective policies and procedures designed to provide reasonable assurance of complying with Auditing Standards and applicable legal and regulatory requirements.
45. The Authority shall document its quality control policies and procedures and communicate to its employees, and enable those performing monitoring procedures and peer reviews to evaluate the extent to its compliance.

Financial Reporting Framework

46. Financial audit engagement shall take into consideration of applicable financial reporting framework.
47. The Authority shall ascertain the appropriateness of the financial reporting framework as prescribed by the government, relevant donor agencies and statues, and ensure that the financial reporting framework are complied by all audited entities.
48. If the financial reporting framework is not appropriate, the Authority shall consider bringing it to the notice of the government or the relevant bodies.

Chapter 5

Access to accounting records, information and documents

Authority to inspect office premise and worksites

49. In pursuant to Section 61 of the Act, the Authority shall have unhindered access to all books of accounts and related records, information, performance monitoring and evaluation reports, records and reports pertaining to internal audits, and such other records, reports and documents as may be required for audit.
50. The Auditors shall inspect, examine, take photograph or perform any other auditing activities which are necessary.

Chapter 6

Procedure for conduct of audit

Intimation for audit

51. The Authority prior to taking up the audit shall issue an Audit Intimation Letter as per the format prescribed to the head of agency in writing.
52. The head of the agency shall ensure that appropriate working space and other office amenities are provided to the auditors during the audit.

Nomination of focal person

53. The Head of the agency shall nominate a relevant official as a focal person for liaison with Audit team.
54. The head of the agency shall ensure that all relevant and key personnel are available for providing necessary information, document and explanation during the audit except on inevitable circumstances.

Audit Engagement

55. The Authority shall sign Audit Engagement Letter as prescribed with the head of agency agreeing on the terms and conditions of the audit during the Audit Entry Meeting.
56. Copy of signed Audit Engagement Letter shall be maintained by the Audit team.

Audit Entry Meeting

57. The auditor shall conduct the Audit Entry Meeting with management of audited entity prior to commencement of audit as deemed necessary.
58. The system of fixing accountability on audit issues and recommendations shall be communicated to the management.

59. The auditor shall minute the deliberations of the Audit Entry Meeting under the signature of the auditors and Head of Agency and document it appropriately.

Requisition for records, information and documents and care and custody of documents or records

60. The requisition for documents shall be made in writing for audit purposes in the prescribed Form.
61. A reasonable time within which, the records, information and documents are to be furnished to the audit team shall be indicated in the requisition.
62. The time allowed shall be determined considering the nature and quantum of the records, information and documents requisitioned and the urgency of the matter.
63. Audited entity shall ensure to provide information and documents that are required by Auditor on time.
64. The auditor shall be responsible for safe custody and return of such document once the purpose has been served.

Confidentiality of information acquired during audit

65. Auditors shall arrange for safe keeping of documents/records produced for audit purposes, maintain confidentiality of information and ensure proper handing-taking over of the documents or records.
66. Any information from an audited entity, acquired in the course of the audit shall not be used beyond the purpose and the scope of the audit.

Failure to provide data, information and documents

67. Failure to provide access to premises, data, information and documents by the audited entity, the auditor shall intimate the matter immediately to the Auditor General and the Head of audited entity through respective Assistant Auditor General.

68. The Authority shall obtain court order or written consent of individuals or parties concerned to secure needed access to information and records of personal bank accounts, tax returns and other information as may be necessary.
69. The auditors with prior permission of the Auditor General may seal, search and seize documents and other related records in accordance with the laws, and keep under proper custody or control for its audit or as to secure against the risks of loss or manipulation.
70. The Authority may enforce or initiate enforcement actions to secure access to needed records or documents which are not produced and may impose penalty as prescribed under the Act.

Audit Evidences

71. The Auditor shall gather sufficient, relevant and reliable audit evidence to support audit conclusions, opinions and recommendations, and examine the evidentiary value of the gathered evidences.
72. Auditor shall document all audit evidences that are used to support audit conclusions, opinions and recommendations properly indexed and referenced in the Audit File.
73. The auditors shall maintain proper documentation of audit evidences before the draft report is submitted for review by the respective Assistant Auditor General.

Documentation

74. Audit working papers, generated right from the planning stage through execution to the reporting stage shall be retained in the form of working papers to serve the reference purposes or to substantiate resolution of audit issues in the court of law.

75. Audit working papers shall contain sufficient information to conclude that the findings, conclusions, opinion and recommendations are substantiated adequately.
76. The auditors shall ensure proper indexing and referencing of documents to facilitate easy tracing.
77. All audit working papers related to Audit Report shall be made available for review by the Quality Assurance Reviewer.
78. Assistant Auditor General shall ensure that Audit working papers are electronically archived after two weeks from the date of issue of final report.

Chapter 7

Audit Reports and Communication

Preliminary Audit Findings

79. Upon completion of the audit, the auditor shall communicate the audit observations to the head of the audited entity requiring them to furnish written response with factual confirmation within stipulated timeframe.
80. The audited entity shall submit complete responses to the audit findings or draft Performance Audit report prior to the Audit Exit meeting.

Significant Audit Findings

81. The audit team leader shall apprise significant audit observations including cases of fraudulent practices to the Auditor General through the Assistant Auditor General/Department Head as soon as it is detected.
82. The Auditor General may after assessing the seriousness and magnitude of the case, may forward it to the Anti-Corruption Commission for further intervention if necessary.

Audit Exit Meeting

83. An Audit Exit Meeting shall be held between the audited entity and the auditors to discuss the preliminary audit findings.
84. Audit exit meeting shall be conducted only upon receipt of written responses from the audited entity.
85. The audited entity shall ensure that the head of audited entity or his representative, and all relevant officials and individuals having audit issues to attend exit meeting for transparency and accountability purpose.
86. Additional written comments or explanations and other relevant records and evidences produced during exit meeting shall be evaluated and audit findings may be revised as deemed necessary and appropriate.
87. The auditor shall properly document the evidences attributing to any change in the audit findings.
88. The decisions of the exit meeting shall be minuted and signed by the officials or individual present.
89. When no responses are received by the Authority on the initial audit findings or draft performance audit report within the specified deadline, the initial audit findings shall be considered accepted by the audited entity and finalize the audit report appropriately.

Audit Report

90. The auditor shall prepare the audit report categorizing audit observations appropriately as per Audit Information Management System's Category Code provided in schedule I of this Rules and Regulations.
91. The auditor shall incorporate the responses received from the audited entities in the audit report.

92. The auditor shall properly evaluate and consider the responses of the audited entities while framing Authority's further comments and recommendations.
93. For audit observations with prima facie evidence of existence of fraudulent practices for categories of offences under Audit Information Management System's Category Code I, legal action as per the Laws of the Land shall be recommended in the audit report.
94. For audit observation of administrative lapses, where the evidence to substantiate fraudulent practice is absent, the auditor shall recommend for appropriate administrative actions.
95. The Authority may, depending on the nature and relevance of the report, decide whom the copies of the report is to be submitted.
96. Confidential information shall be covered in a separate report which shall not be divulged or released prior to its authorized release, or revealed to other parties not concerned. However, if the disclosure is necessary in the interest of the nation, the Authority may release the information as deemed appropriate by the Authority.
97. The auditor shall ensure that the financial and compliance audit reports are issued not later than 50 days (including weekends and government holidays) from the date of completion of audit unless otherwise delayed due to reasons beyond the control of the auditor.
98. The auditor shall ensure that the audit reports of performance, theme based audit, mega projects and other special audit assignments are issued not later than 90 days (including weekends and government holidays) from the date of completion unless otherwise delayed due to reasons beyond the control of the auditors.

Re-audit and revision of audit opinion

99. The Authority may carry out re-audit of accounts and operations of any organization or its specific matter and account under its jurisdiction as

decided by the Auditor General subject to the conditions that there are additional evidences and information to do so which may include:

- a. evidence of fraud, corruption and embezzlement and lapses of serious nature;
 - b. quality control assessment revealed inadequacy in performance of audit procedures, nonproduction of records by audited entity;
 - c. complaints of serious nature received from individuals, organizations, Anti-Corruption Commission or directives from the Government and Parliament including special audits;
 - d. system/ program review and evaluations covering one or more years.
100. The Authority may consider revision of audit opinion on its own or upon request of an appropriate authority in accordance with the applicable financial reporting framework. The reasons for revision may include:
- a. inappropriate audit opinion expressed earlier;
 - b. decision of the governing Boards and public entities to revise the financial statements;
 - c. evidence of errors in the financial statements soon after issuance of audit report; and
 - d. need for additional disclosure and change in accounting policies.

Annual Audit Report

101. As required under Section 111 of the Act, the Auditor General shall submit Annual Audit Report to His Majesty the Druk Gyalpo, the Prime Minister and the Parliament during the fourth quarter of each financial year.
102. The Annual Audit Report shall contain the result of the audit of the Annual Financial Statements of the Government and the overall financial condition and recommendations to improve the economy, efficiency and effectiveness of the Government.
103. The Annual Audit Report shall include:
- a. Aspects of economy, efficiency and effectiveness in the public operations;

- b. The report on the accounts and operation of the Authority for the previous fiscal year and the external auditor's report on the financial propriety audit of the Authority's own accounts of the past financial year;
- c. Works performed by the Authority during the previous year;
- d. Cases of fraud and corruptions, non-compliance to laws, rules and regulations, shortfalls, lapses and deficiencies;
- e. Cases where the Authority did not receive responses to preliminary audit observations and Action Taken Report on the final audit report, and significant cases where the Authority did not receive acceptable response or cooperation;
- f. Significant audit findings and recommendations for improvement of agencies audited;
- g. Future course of action in the interest of enhancing accountability and improving auditing operation capacity;
- h. Summary of significant issues and recommendations from the Performance Audit reports issued by the Authority;
- i. Total number of Audit Reports issued with adverse opinion, qualified opinion and clean opinion;
- j. Report on any activities where the Authority could not deliver due to limited resources and any matters that may have affected the Authority's ability to perform work in accordance with this Act and conditions necessary to independent and effective functioning of the Authority, and
- k. Any other matter based on audit observations that the Auditor General, in his or her opinion, considers to be significant.

Other Reports

- 104. As required under Section 114 of the Act, the Auditor General may submit to His Majesty the Druk Gyalpo, the Prime Minister and the Parliament any other reports including the Performance Audit Reports, Auditor General's Advisory Series and Occasional Papers covering specific or range of issues intended towards promoting accountability, transparency, integrity and value for money in public operations.

Tabling of Auditor General's Report to the Parliament

- 105. The Auditor General shall submit the Annual Audit Report to the Joint Sitting of the Parliament through the National Assembly during the fourth

quarter of the financial year on the audit carried out for the financial year ended.

106. The Auditor General shall submit the Performance, Compliance and any other reports which may consider significant during any session of the Parliament.
107. Sufficient copies of Annual Audit Report and any other report in hardcopy and/or electronic copy as required shall be handed over to the Secretary General of the National Assembly Secretariat well in advance to enable tabling of the report.
108. The Public Accounts Committee shall present the Auditor General's Report to the Joint Sitting of the Parliament.

Protocols with Public Accounts Committee

109. The Authority may make presentation on any audit report to the Members of Parliament as per the Rules of Procedures of the Public Accounts Committee after submission of the report to the Parliament.
110. The Authority shall provide technical backstopping in identifying and prioritizing the major irregularities reported in the audit report for Committee's considerations in preparation for conducting public hearing and consultative meeting.
111. The Authority may attend the consultative meetings with the Public Accounts Committee to provide technical advice and information.
112. The Auditor General or his representative may attend the public hearing as observer when the Authority's reports are discussed.
113. Any communication or document received by Public Accounts Committee from audited entities shall be shared to Authority.
114. The Authority and Public Accounts Committee shall coordinate and function as per the established protocol.

Publication and circulation of Annual Audit Report

115. Upon tabling the Annual Audit Report in the Parliament, and statement thereto of the Speaker, it shall be construed as public document and the Auditor General may upload the reports in the Authority's webpage and make available to media in line with the Policy Guideline on Media Communication.
116. The Auditor General shall either hold Press conference and/or issue press release statements as deemed necessary.
117. Press Conference and/or press release shall be conducted on the same day or next working day after submission /tabling of the Annual Audit Report.
118. The copies of the Annual Audit Report and other reports may be issued to other relevant stakeholders as may be considered necessary by the Auditor General after Press conference/press release.

Publication and circulation of Other Reports

119. Notwithstanding the above, Financial Audit Reports, Performance Audit Reports, Compliance Audit Reports, Auditor General's Advisory Series, Occasional papers and any other reports shall be uploaded on the website for public view or disseminated through media as deemed appropriate by the Auditor General.
120. Procedures for publication and tabling the Annual Audit Report shall be followed for Performance Audit Reports, Compliance Audit Reports and any other Audit reports which required to be tabled before the Parliament.
121. Specific audit issues which were not resolved during the exit conference shall not be divulged or released prior to its authorized release. However, if the disclosure is necessary in the interest of the nation, the Authority may release the information as deemed appropriate by the Authority.

Follow-up Audit

122. The Authority shall conduct Follow-up audit to review and evaluate the adequacy, effectiveness and timeliness of actions taken by audited entities on audit observations and recommendations.
123. The follow-up audit shall be carried out as per the Guidelines for Follow-up of Audit Reports as issued by the Authority.

Responsibility for Follow-up Audit

124. In accordance with Section 119 of the Act, the concerned audited entity shall be responsible to take timely follow-up actions on issued audit reports and implement the audit recommendations to which it has agreed, including determining an appropriate strategy to help achieve timely and effective implementation.
125. The audited entity shall submit Action Taken Report/Management Action Plan within three months after the issuance of report, and the follow-up should be carried out based on the Action Taken Report/Management Action Plan received.
126. Based on Action Taken Report or Management Action Plan received, desk review shall be carried out by Follow-up and Clearance Division and Follow-up Sections in Regional offices.

Timing and Frequency of Follow-up Audit

127. The Authority shall conduct follow-up audit within a reasonable period of time after the report is issued to the audited entity for ensuring compliance and effective implementation of the corrective actions.
128. The Authority shall conduct Follow-up of Annual Audit Reports once a year.
129. Follow-up and Clearance Division and Follow-Up Sections of regional offices shall carry out review for audit reports and includes status monitoring by sending reminder for Action Taken Report and determining

progress made in implementation of corrective actions or recommendations where necessary.

130. In the event of not receiving Action Taken Report or Management Action Plan even after two weeks from the reminder, the reviewer should appraise Follow-up Committee.

Evaluating the Action Taken Report/Management Action Plan

131. Upon receipt of Action Taken Report or Management Action Plan, the Follow-up and Clearance Division and Follow-up Sections shall review and evaluate the response and obtain, review and evaluate the evidences of action taken to assess the adequacy and effectiveness of actions taken.
132. Where deemed necessary, the reviewer may conduct physical verification, verification of records or any other aspects encompassed in audit reports and corrective measures taken by the audited entity.
133. For the performance and compliance audit, the division concerned shall assess the acceptability and adequacy of Management Action Plan, accountability statement and implementation timeframe of recommendations in consultation with the audited entity.
134. The concerned division after review of Management Action Plan shall forward to the Follow-up and Clearance Division for necessary follow-up.
135. The Authority shall settle the audit observation in the light of justifications and additional evidences provided, compliance made, improvement noted and nature of audit observations involved, as may be appropriate and exercising professional judgment in settling the audit observations.

Follow up Committee

136. Follow-up and Clearance Division and Office of Assistant Auditor Generals shall appraise all cases after having exhausted all means for settling through normal follow-up process and requiring collective

decision should be brought to the notice of the Follow-up Committee through Assistant Auditor General, Follow-up and Clearance Division.

137. The Follow-up and Clearance Division or Office of Assistant Auditor Generals shall submit the issues to the Follow-up Committee for discussion in the prescribed format.
138. The Follow-up Committee meeting shall be conducted on every working Friday or on a day of the week if required based on the number of agenda items or urgency of the pending observations.
139. The Follow-up and Clearance Division shall circulate the minutes within three days of conduct of the meeting. The minutes shall be shared with the relevant regional offices for immediate compliance.
140. The Chairperson of the Committee on a need basis shall review the compliances of the decision of the meeting.
141. The details of resolved audit report shall be submitted on quarterly basis to Follow-up Committee by Follow-up and Clearance Division for proper closure and disposal.
142. Any request from external agencies seeking approval for destruction of accounting records and documents shall be reviewed by the Committee and conveyed under the seal and signature of Chairperson, Follow-up Committee.
143. Audit issues requiring intervention of Anti-Corruption Commission shall be compiled by Follow-up and Clearance Division and appraise to the Auditor General.

Referral cases

144. The Authority shall settle the observations upon receiving the court's verdict on the matters covered by the ruling of the Court.

145. Notwithstanding to Section 144 above, The Bhutan Alternative Dispute Resolution Centre shall exclude the audit issues referred for arbitration from domestic arbitration in line with Section 46(8) of Alternative Dispute Resolution Act of Bhutan 2013.

Chapter 8

Outsourcing Audit Services

146. In pursuant to the Section 55 (13) of the Act, the Authority shall appoint persons, firms of professional accountants, organizations or companies empaneled to perform any audits as mandated.

Scope

147. The audit of following entities, organizations or projects as determined by the Authority shall be outsourced to the firms:
- a. Government owned and controlled companies including financial institutions and central bank and other companies incorporated under Companies Act of Bhutan;
 - b. Civil Society Organizations;
 - c. Religious Organizations;
 - d. Donor funded projects implemented by agencies falling under the audit jurisdiction of the Authority as may be decided by the authority;
 - e. Non-governmental organizations and Trust Funds;
 - f. Any other agencies or programmes and projects implemented by entities falling within the jurisdiction as per the Act; and
 - g. Private companies incorporated under the Companies Act shall also avail audit services from the firms empaneled by Authority.

Responsibilities of the Authority

148. The Authority shall be generally responsible and accountable for the audits conducted on its behalf by the firms, and particularly responsible to:
- a. Identify agencies, programmes and projects whose audits shall be outsourced for auditing;

- b. Empanel eligible competent and licensed firms based on the criteria and qualifications established for different categories of entities/programmes;
- c. Appoint auditors, draw Terms of Reference and fix remunerations of auditors;
- d. Require auditee agency to bear audit fees and expenses as determined by the Authority.
- e. Ascertain that the audit is carried as per the requirements of International Standards on Auditing, International Standards of Supreme Audit Institutions and Terms of Reference;
- f. Ensure the submission of Audit Time Schedules drawn with the entities and see that the audit is conducted as per the time schedule;
- g. Require the auditors to carry out additional audit procedures including re-performance of certain specific audit procedures where considered necessary by the Authority, and
- h. Transmit the audit reports.

Responsibilities of an Audited Entity

149. The Audited Entity or a company shall ensure that:

- a. provisions pertaining to appointment of auditors as specified in the Companies Act of Bhutan are complied with;
- b. firms who have rendered other professional services during the period or in the previous two years are not appointed as their statutory auditors;
- c. The same firms/auditor is not be appointed for more than three consecutive financial years, except with the prior written approval of the Authority;
- d. unaudited financial statements as required by the auditors are prepared and provided at least two weeks prior to commencement of the audit or along with the request for audit whichever is earlier;
- e. accounting records and documents are provided on timely basis and necessary co-operations are rendered;
- f. proper working space are provided;
- g. management's response on issues raised by auditors are provided within two weeks from the date of issue of audit memos;

- h. audit fees and expenses are settled within the time frame prescribed in the appointment letter.
- i. timely communication of any professional or other matters to Authority that affects effective conduct of audit;
- j. auditors are informed of any known cases of fraud;
- k. accommodation, transportation and other allowances/expenses as prescribed in the appointment letter are regulated.

Responsibilities of the firm

150. The firms shall have the following responsibilities:
- a. Provide Letter of Acceptance within the specified timeframe expressing acceptance to the terms and remuneration to carry out audit of specific entity or program;
 - b. Communicate any reservations on the appointment including audit fees prior to acceptance of the audit engagement;
 - c. Agree on the time schedule of audit with the auditee management and share with Authority before the commencement of audit;
 - d. Depute competent auditors and allocate adequate audit duration as agreed with the Authority;
 - e. Communicate professional or other reasons that is hindering the smooth conduct of audit;
 - f. Comply with any other specific requirements as prescribed by Authority.

Procedure for empanelment

151. The Authority shall float Announcement through appropriate media inviting interested firms from outside the country once every three years to submit the applications to provide auditing services for specified entities, programmes or projects. However, interested Bhutanese firm to be empaneled with Authority may submit their applications anytime.
152. Upon receiving applications, the Audit Committee shall shortlist the firms meeting the qualification criteria set and conduct due diligence exercise to validate the information provided by the firms in the fact sheet.

153. Upon the completion of the due diligence exercise, the committee shall prepare the due diligence report, and recommend the list of eligible firms to be empaneled to the Auditor General for his approval.
154. The Audit Committee shall draw Terms of Reference for empanelment broadly in line with Schedule III of this Rules and Regulations.
155. The Authority shall make general announcement and circulate the list of empaneled firms after receiving the acceptance letter/letter of intent from the firms confirming their acceptance to the terms and conditions of empanelment.
156. The Authority shall upload the final list of empaneled firms on its webpage.
157. The validity of the empanelment shall be for the period of three years from the date of notification of empanelment.

Eligibility Criteria for empanelment

158. A private firm is eligible to empanel for audit of Government owned and controlled companies, if the firm;
 - a. holds practicing certificate from competent authority;
 - b. have at least two partners;
 - c. Have Auditors who possess qualifications as per Companies Act of Bhutan;
 - d. possess certificate of establishment issued by Professional Accountancy Institute or regulated by the competent authority or valid license as may be applicable; and
 - e. have a clean record and reputation of having carried out auditing works in the past.
159. A private firm is eligible to empanel for audit of Civil Society Organizations, Non-Governmental Organizations, Religious Organizations, Donor Funded Projects and others, if;
 - a. The firm is licensed by Ministry of Economic Affairs based on clearance issued by the Authority;

- b. The firm is either sole proprietorship or partnership amongst Bhutanese;
- c. The firm have adequate staff possessing any of the following minimum qualifications and experiences:
- d. Holder of Bachelor's Degree in relevant field with 10 years of experience in auditing or accounting, or
- e. Association of Chartered Certified Accountants (ACCA), Chartered Accountant (CA), Chartered Institute of Management Accountants (CIMA), Certified Public Accountant (CPA), Canadian Comprehensive Auditing Foundation (CCAF) or equivalent professional courses with at least five years in auditing or accounting profession, or
- f. Any other qualification as may be determined by the Authority from time to time.

Appointment of auditors

- 160. The Authority shall identify and appoint auditors based on expertise, experiences and track records. The total period of appointment including the initial appointment should not exceed three financial years. The appointment shall be subject to terms and conditions prescribed by the Authority.
- 161. The Authority shall send appointment letter to the firm along with the Terms of References and details of remuneration.
- 162. The auditor shall send acceptance of the audit assignment in writing to the Authority within stipulated timeframe, failing which the offer of appointment is liable to be cancelled without any notice.
- 163. The firm shall draw audit schedules in consultation with the auditee and intimate Authority along with details of team composition and preliminary audit plans.
- 164. The other specific requirements shall be specified in the appointment letter.
- 165. The re-appointment of auditors shall be subject to satisfactory performance of the audit assignment in earlier year(s) assessed in terms

of the Terms of References and Quality Assurance criteria prescribed by the Authority.

Fixation of Remuneration

166. The Audit Committee shall ensure that fair and reasonable compensation for the services availed is made based on the nature and scope and duration of the outsourced audit assignments. The out of pocket expenses for auditors appointed by RAA shall be as per Attachment A of the appointment letter.

Audit Committee

167. The Audit Committee constituted under the Act shall function in accordance with the Roles and Responsibilities prescribed in Schedule IV of this Rules and Regulations.

Consultation, Coordination & Communication

168. There shall be effective consultation, coordination and communication amongst Authority and other relevant stakeholders and shall be regulated through the responsibility entrusted at each level.

169. The entities to be audited may consult Authority on the appointment, audit schedules, payment of remuneration and facilitating meetings with auditors.

Reporting requirements

170. Auditors' Report for Government/ Government controlled companies and entities such as Religious Organizations, Civil Society Organizations and other entities listed under section 147 of this Rules and Regulations shall consist of:

- a. Audited financial statements and auditors' report thereon.
- b. Notes to Accounts and significant accounting policies shall form an integral part of the accounts.

- c. Auditors' observations and recommendations on the accounts, internal control system and operations of the audited entities.
 - d. Follow-up report on the current status of the recommendations of earlier year.
 - e. For entities other than the incorporated companies, the auditors should also include the Management Appraisal Report as part of the audit report.
171. The reporting and the types of Audit Report to be prepared and issued shall be guided by International Standards on Auditing and International Standards of Supreme Audit Institutions. For companies, the contents of the report shall also be guided by the Companies Act of Bhutan.
172. Before the audit exit meeting, the auditors shall submit the draft auditor's report, financial statements and management report to Authority as per the timeline stipulated in the appointment letter. The Audit report shall contain findings, management response and auditor's further comments.
173. After the audit exit meeting, the auditors shall finalize the report incorporating the decisions of the audit exit meeting and share a copy of the report with the Authority for its final endorsement upon which the auditors shall submit six sets of audited financial statements and auditor's report to Authority for issuance.
174. The auditors shall ensure proper documentation of audit working papers in accordance with the requirements of auditing standards.

Quality Control, Monitoring and Review for the outsourced audit services

175. The Authority shall monitor and review the audit services carried out by the firms to ensure due process of auditing being followed by the firm and conforms to standards, practices and professional and ethical requirements applicable to the Authority.
176. The firm shall institute quality control mechanisms to carry out quality audits; and
177. The Authority may conduct Quality Assurance Review of the audits

carried out by the firm from time to time.

Penalty

178. Non-compliance or violations of the terms and conditions of empanelment or appointment by the appointed auditors, or professional misconduct by the firms shall be the grounds for warnings or de-empanelment as may be decided by the Authority based on the severity of the offense.
179. In case of violation of terms and conditions including gross professional misconduct, the Authority may terminate/de-empanel the auditor before the expiry of the tenure or before completion of specific audit engagement on reasonable and sufficient grounds after following the due process, including giving an opportunity to the auditor to defend against the premature termination of appointment, and the Authority may, if considered necessary, debar the auditor from further appointment as auditor.
180. Repeated failure to meet the standards of Quality Control and Quality Assurance shall also be a ground for de-empanelment;
181. The Authority shall hold those including head of auditee agencies accountable for their failure to take appropriate actions on lapses, deficiencies, and for occurrence of irregularities repeatedly including qualified audit opinion on the financial statements.
182. A person or an entity committing offenses shall be dealt as per Section 147 of the Act.

Chapter 9 **Fixing accountability**

183. In accordance with Section 55(16) of the Act, the audited entity shall be accountable for un-resolved audit observations and recommendation in a transparent and fair manner within time frame prescribed by the Authority.

Types of accountability

184. The audit reports shall include direct and supervisory accountability for each observation or recommendation as follows:
- a. The 'Direct Accountability' shall be fixed on those individual(s), members of committees, members of the Board, etc. who are directly involved in executing activities, making decisions or who are the direct beneficiaries from such decisions, actions or inactions.
 - b. The 'Supervisory Accountability' shall be fixed on the supervising officer(s), members of committees, members of the Board and others depending on their involvement in decision making and executions.

Who shall be held accountable?

185. The accountability shall be fixed on the official or individual directly involved in executing activities, making decisions or having direct beneficiaries from such decisions, actions or inactions.
186. Where the decisions which are against the existing laws, policies and system are taken by the committee, the committee members are to be held accountable for the decision, actions or inactions.
187. The Head of the audited entity shall be held accountable on policy issues, systemic issues and overall internal governance issues.
188. The accountability on contractors/ consultants shall also be fixed in accordance with the provisions of fixing accountability under this Rules and Regulations. Similarly, accountability on suppliers involved in supply contract shall also be fixed as the case may be.
189. If issues do not get resolved within 12 months or within action plan date, then it is the responsibility of the Head of the audited entity to initiate legal actions against those officials who are held accountable for both direct and supervisory.

Accountability fixing process

190. The audited entity shall discuss, deliberate and agree on the list of individuals on whom the accountabilities are being fixed.
191. All the accountable individuals shall be given sufficient opportunity for the presentation of their defense in the audit exit meeting.
192. Accountability statement duly signed by the head of the audited entity shall furnished to the Authority within the stipulated timeframe.
193. The accountability statement submitted during the audit exit meeting shall be final.
194. The accountability statement submitted shall form a part of the audit report.
195. The head of the audited entity shall intimate all concerned individual who are held accountable immediately upon receipt of the audit report.
196. If the management invariably delays the submission of signed accountability statement, the Authority shall fix the accountability on the head of the audited entity and other key management personnel directly associated with lapses and irregularities.
197. The Authority shall receive and hear complaints and where there is reasonable cause to believe that the accountability has been fixed unfairly and wrongly, independently verify and establish whether the accountability has been fixed correctly as per Section 55(18) of the Act.
198. The Authority shall remove the names of those officials who have wrongly or unfairly held accountable from the Accountability Statement, and include names of those who are actually accountable based on the Authority's verifications and establishment of facts as per section 55(19) of the Act.

199. The Authority shall follow the following procedures when fixing accountability on the individuals:

199.1 Financial and compliance audit:

- a. Accountability shall be fixed in every unresolved audit observation;
- b. The management shall submit the signed accountability statement along with the responses to audit team within the specified/agreed time or prior to audit exit meeting, whichever is earlier; and
- c. Such accountabilities fixed by the management shall be discussed during the exit meeting. Those observations to be incorporated in the Management Appraisal Report shall not require accountability.

199.2 Performance audit:

- a. The accountability shall be fixed in every recommendation.
- b. The management shall submit the Management Action Plan along with signed Accountability Statement within specified time.
- c. In the event if the MAP and Accountability Statement submitted by the audited entity are found to be unsatisfactory upon assessment, the Authority shall ask for revised MAP and Accountability Statement.

Process of fixing accountability for private individuals

200. The contractors/consultant shall be held accountable for the audit observations pertaining to irregularities including excess payments, double payments, inadmissible payments, non-deductions, defective and substandard quality of works and any other irregularities where the nature of the observation warrants the contractors to be obliged to make good the amount or necessitates actions from the contractors.

201. It shall be the responsibility of the audited entities to fix the accountability on the concerned Contractors/ Consultants, where deemed appropriate.

202. The agency concerned shall exercise reasonable judgment to fix accountabilities to the contractors / consultants.

203. The Head of the audited entity shall provide reasonable opportunity for the contractor/ consultant to make presentation of defense prior to fixation of accountability on the audit issue.
204. The accountability should be fixed upon discussion and deliberation with Contractors/ Consultants.
205. Wherever the Contractors/consultants are held accountable, the concerned responsible official shall also be held directly accountable and shall not be absolved of the fiduciary responsibility on audit issues.
206. The supervisory accountability shall rest on appropriate official/authority of the agency responsible for overall supervision.
207. In respect of works supervised by the consultant the supervisory accountability shall be concurrently fixed on the appropriate official/authority of the agency responsible for overall supervision besides the consultant.
208. The accountability of contractors/ consultants shall be reflected in the Audit Report along with the concerned responsible official.
209. The Authority shall incorporate the accountability details in the Audit Information Management System upon the transmittal of audit report by Construction Development Board registration number as well as CID No.
210. Concurrently, the Authority shall incorporate the details of accountable contractor /consultant in the e-Zotin system by Construction Development Board registration number.
211. The Construction Development Board shall include a mandatory requirement to check whether the contractor/ consultant applying for renewal of registration certificate have any unresolved audit observations in their Information System as on date of application.

212. The Construction Development Board shall not renew the Registration Certificate until the audit issue has been resolved.

Settlement of audit observation

213. For any unresolved audit issues leading to the denial for renewal of Construction Development Board registration, the contractor/consultant may be directed by the Construction Development Board to resolve the audit observation with the concerned agency.
214. The agencies concerned shall submit the details of action taken including justifications and supporting documents to the Authority for its review.
215. The amount determined as recoverable from the contractor/ consultant may either be directly deposited into designated Audit Recoveries Account maintained with the Bank or deposited into ARA along with applicable penalty of 24% per annum if any, under intimation to the Authority.
216. The Authority shall acknowledge the amount deposited into the Audit Recoveries Account and update the e-Zotin.
217. For any defective/ substandard works where contractor/ consultant is held accountable, it is the responsibility of the contractor/ consultant to rectify the defective/substandard works. The agency concerned upon satisfaction of the rectification shall furnish evidences to Authority for further review.
218. Justifications and additional supporting documents if any, furnished by the agencies contractor/consultant, the RAA shall review the replies / justifications and decide appropriately on the acceptability of the responses to resolve the issues.

Relief from accountability

219. Accountability fixed against individuals shall remain until the issues are fully settled/resolved.

220. In respect of transfer cases or separation from the service, the relieved official shall hand over all unresolved audit observations along with the accountability through proper handing taking over note in line with FRR.
221. Notwithstanding to Section 220 of this Rule, cases pertaining to fraud, corruption and embezzlement and cases involving fraudulent practices, as well as where the individual concerned have direct financial obligations, the accountability shall remain with the official even if he is transferred or separated.
222. Where cases are subjudiced, accountability shall remain till the cases are settled.
223. In respect of individuals having supervisory accountability but not charge-sheeted for the cases under subjudice which do not warrant administrative actions, the concerned individuals shall be relieved of his/her accountability.
224. In respect of individuals having supervisory accountability for other than serious cases, the concerned individuals may be relieved of his/her accountability.
225. For those cases which are forwarded to Anti-Corruption Commission, the accountability shall continue to prevail if the case has been qualified for further investigation by the Anti-Corruption Commission. For cases where further Anti-Corruption Commission intervention is not warranted, the Authority shall decide further course of action to be taken.
226. The cases pertaining to the deceased, missing and absconded persons, the Authority shall decide further course of action to be taken in accordance with the relevant laws.
227. For cases which are referred to Anti-Corruption Commission and Office of the Attorney General, the accountability shall continue to remain until due process of investigation and prosecution is completed;

228. The accountability pertaining to cases of the deceased, missing and absconded contractor /consultant shall be dealt in accordance with the laws of the land; and
229. For contractors /consultants, if the e-Zotin indicates no unresolved audit issues, it is deemed relieved of the accountability.

Chapter 10

Audit Clearance Certificate

230. The Authority shall issue Audit Clearance Certificate to civil servants, public officials including ministers, parliamentarian, local government officials and corporate employees, contractors, consultants, suppliers and individuals as mandated under Section 85 of the Act for the following purpose:
 - a. Promotion;
 - b. Long/short term training;
 - c. Retirement benefit on separation/repatriation;
 - d. Extension of contract service/ service regularization;
 - e. Secondment;
 - f. Election; and
 - g. Other purposes as may be necessary.
231. The accountability fixed in the Audit Report and accordingly entered in the Audit Information Management System shall be the basis for processing Audit Clearance Certificate.

Application Procedures for Audit Clearance Certificate

232. Application Form prescribed online shall be submitted by the applicant.

Processing procedure and timing

233. The Application for Audit Clearance Certificate shall be received, processed and cleared as below:

- a. Follow-Up and Clearance Division shall process and issue the Audit Clearance Certification after verifying the relevant records on the first come first serve basis i.e. on the basis of diary number;
- b. The Application Forms duly completed in all respect and applicants with clear record shall be issued within 48 hours under normal circumstances from the receipt of the applications;
- c. Applications received on the last working day of the week shall be issued by the first working day of the following week provided that conditions in section 233 (a) is met, and
- d. Applications rejected shall be returned/notified within 24 hours duly assigning the reasons for the rejection in a standard form designed for the purpose.

Validity

234. The validity of the Audit Clearance Certificate shall be one year from the issue date or as determined by the Authority.

Denial of Audit Clearance Certificate

235. Any individual who is held directly accountable on audit issues/ recommendations shall not be issued audit clearance until those issues/ recommendations are settled completely.
236. Audit Clearance Certificate of supervisors concerned shall also be withheld until the cases are attended to or resolved where supervisory lapses are apparent for the issues categorized under fraud, corruption.
248. In case of performance audit reports, the audit clearance shall be denied to officials held direct and supervisory accountability if the recommendation is not implemented after the expiry of action plan date mentioned in the Management Action Plan.
237. Audit Clearance Certificate shall not be issued to those who are implicated in the charge sheet in respect of cases which are sub-judice or those cases which are with the Office of the Attorney General.

238. The head of the audited entity shall not be issued Audit Clearance Certificate for failure to initiate legal actions on lapses and deficiencies against those officials who are held accountable for both direct and supervisory as required under Section 189 of this Rules
239. In the event of demise of accountable official, audit clearance shall be issued for the purpose of releasing his/her post-retirement benefits on the basis of letter of undertaking of the head of the agency to adjust recoverable amounts from the benefits.
240. In respect of deceased accountable official whose cases are sub-judice, or with Anti-Corruption Commission and Office of the Attorney General, the audit clearance shall be denied until court verdict or written consent of Anti-Corruption Commission and Office of the Attorney General are furnished.

Issuance of Audit Clearance certificate on Undertaking

241. The Audit Clearance Certificate may be issued on Undertaking based on the written assurance from the head of the audited entity to resolve the audit observations and recommendations. However, such observations and recommendations involves;
- a. only shortfalls and lapses for supervisory accountability.
 - b. accountability and responsibility fixed for the failure on the part of tax payers to clear the dues despite several reminders and other recourse;
 - c. accountability fixed for the on-going deposits works and imprest advances (where the settlement of accounts is not due); and
 - d. cases where compliances are to be verified in the next audit.
242. For the purpose of renewal of Construction Development Board registration, the Authority may review the justifications and decide the acceptability the undertaking from the contractors/consultant and appropriately relieved of the accountability.

Responsible officials

243. The responsibility to process the Audit Clearance Certificate shall rest with individual applicant.
244. The respective Human Resource Officer should ensure that valid Audit Clearance Certificate is attached for the purpose applied, failing which respective Human Resource Officer shall be held accountable.

Chapter 11 **Audit Recoveries Account**

Operation and maintenance of Audit Recoveries Account

245. In pursuant section 86 of the Act, the Authority shall maintain and operate a current account styled “Audit Recoveries Account” (ARA) outside the Government Consolidated Fund for the deposit and management of audit recoveries remitted to it on its instance.
246. The amounts recovered at the instance of the audit shall be remitted by the audited entities within the prescribed deadline to the Authority.
247. Remittances made shall be supported by a statement indicating the Audit Identification Number & date, relevant audit observations, name of the party, amount recovered and the balance amount recoverable if any.
248. The Authority shall remit the proceeds of the ARA on a quarterly to the Budget Fund Account.
249. Amount remitted to the Authority through cash/cheques/drafts shall be deposited in the Bank no later than the following working day under the relevant head.

Issuance of receipts

250. The Authority shall issue money receipt to the payee by giving references of the report, Observation No. and Audit Identification Number with a copy endorsed to the concerned agency.

Refund of amount

251. Any claim for refund by the claimant should be routed through the concerned Office of Assistant Auditor General's with all relevant documents of deposit.
252. Arrangement for refund of amount from the ARA shall be entertained only with the specific approval of the Auditor General on justifiable grounds against the production of valid documents of its deposit;
253. The Department of Public Accounts, Ministry of Finance shall on written request from the Authority, arrange to refund the claim to the individual claimant or fund made available to Authority for further disbursement.

Maintenance of records

254. The details of books of account shall be maintained for Audit Recoveries Account.
255. The Head of Finance, Headquarters shall maintain records of all the recoveries/remittance received from various agencies with complete details.

Reconciliation of Audit Recoveries Account

256. The Head of Finance, headquarters shall reconcile the Audit Recoveries on monthly basis.
257. The AAG, Follow-Up & Clearance Division, Head of Finance and IT section shall jointly reconcile the Audit Recoveries Account on monthly

basis and submit the report to the Auditor General.

Chapter 12

Award and Citations

258. The Authority shall institute appropriate mechanism to promote professionalism, innovation, creativity and excellence in audit service through award and recognition schemes for employees of the Authority.
259. The Authority shall institute Auditor General's Compliance Assurance Awards, Award for Significant Audit Observation, Best Audit Report, Best Auditor of the Year and Best Employee Award and such other incentive schemes as may be necessary.
260. The Authority may also institute award schemes and citations to audited entities, individuals and firms to promote accountability, integrity and excellence in public service.
261. The Committee established for the purpose shall develop detailed guidelines and procedures for ensuring transparent and objective nomination and selection of awardees.
262. The awards for the employees of the Authority may be in the form of cash award not exceeding one month's basic pay individually and/or citations.
 - a. Consideration for higher studies,
 - b. Nomination for overseas delegation;
 - c. Nomination for meritorious promotion; and
 - d. Nomination for Civil Service Award for Excellent Services.

Chapter 13

Retention of Documents

263. The Authority shall retain the accounting and financial records as stipulated in the Financial Rules and Regulations.

264. The Authority shall ensure adequate documentation of audit works as required by the Standards.
265. Firms/ individuals carrying out audits on behalf of the Authority shall be required to preserve and retain audit documents in their custody which may be subject to inspection by the Authority and clearance shall be sought from the Authority for disposal.
266. The retention of documents pertaining to settled audit reports shall be 12 months from the date of the closing of the audit report file upon settlement of all audit observations.
267. The electronically archived documents and records of continuing significance in future shall be retained for such period as deemed appropriate by Authority.
268. Upon settlement of all audit observations, the related audit file and report shall be closed under the seal and signature of the Follow-up Committee or such other committee as authorized by the Auditor General for the purpose.
269. Follow-up and Clearance Division shall take the lead role in closing and destruction of closed audit documents in consultation with the respective Divisions/ Office of Assistant Auditor Generals.
270. The destruction of accounting records of the Authority shall be made in accordance with the procedures stipulated in the Financial Rules and Regulations.

Chapter 14

Compliant procedure

271. As specified under Section 57 of the Act, the Authority shall institute appropriate mechanism to receive information from third parties including whistle blowers which may include:
 - a. Feedback/suggestion box;

- b. Media/Social Media;
- c. Fraud alert system;
- d. Written complaints;
- e. Walk-in complaints; and
- f. Complaints shared by Anti-Corruption Commission or any other agency.

Compliant Procedure

- 272. The general public shall use above systems to assist Authority in promoting accountability, transparency and combating fraud and corruption.
- 273. The general public may use above systems appropriately to complain against an auditors or employees of the Authority.
- 274. Complaints filed shall be kept confidential till prima facie case is established.

Grounds for Complaint against public officials

- 275. The commission of offences related to misappropriation of funds and properties and other lapses and irregularities of serious nature shall be the ground of compliant against any public officials.

Grounds for Complaint against employees of the Authority

- 276. The commission of corruption or lack of integrity or accepting bribes by way of cash, kind or any demands made thereof shall be the grounds of complaint against the Auditors and employees of the Authority.
- 277. Violation of the Oath of Good Conduct, Ethics and Secrecy of Auditors of the Authority, prescribed under the Civil Service Act and other relevant Code of Ethics as per provisions of Chapter 3 of the Act.

Procedure for inquiry and disposal of complaints

278. The Authority shall designate an official to maintain a register and document the complaints/information received under Section 272 & 273 of this Rules.
279. The official designated shall apprise the Auditor General of the complaints/information received and prepare a periodic complaints report and submit to the Auditor General.
280. Complaints against the employees of the Authority, the Auditor General or his designate shall review and establish whether the matter/issues warrants further review or investigation and take appropriate decision.
281. The Auditor General may decline to conduct a review or investigation into any complaint received, if he is satisfied that further review or investigation would be unnecessary. A copy of the dismissal order may be given to the complainant as deemed necessary.
282. Based on the complaint against employee of the Authority, if a prima facie case is established and warrants further investigation, the Disciplinary committee shall carry out necessary investigation and initiate appropriate actions in conformity with the provisions of the BCSR.

Procedure for inquiry and disposal of complaints shared by Anti-Corruption Commission

283. The Auditor General or his designate shall review and direct the relevant Departments/Divisions for further review the complaint during the course of audit.

284. For complaints directed for further review or investigation under Section 283 of this Rules, the concerned Departments/Divisions shall report back to the Auditor General through Head of Department in the format prescribed and incorporated in the audit report as may be necessary.
285. The complaints received from the Anti-Corruption Commission shall be reported back to office in the format prescribed.
286. The complaints that do not fall within the mandates of the Authority shall be forward to the concerned relevant agencies.

Chapter 15

Reliance on the work of internal auditors

287. The Authority may rely and use the reports of the audits performed by other organizations including internal auditors of government organizations, statutory bodies and other entities if they conform to the standards acceptable to the Authority.
288. The Authority shall rely on the work of internal auditors if it fulfills the requirements under applicable auditing standards.
289. The Authority may, if considered necessary, make appropriate arrangement in consultation with the Central Coordinating Agency of internal auditors, Ministry of Finance and other entities for possible cooperation and collaboration.
290. As required under Section 61(1) of the Act, the Authority shall require the concerned audited entity to provide records and reports pertaining to internal audits.

Chapter 16

Audit of external funded projects and international agencies

291. The Authority shall conduct audit of external funded projects, resident offices and international agencies pursuant to bilateral agreements, project documents and special arrangement made with such organizations.
292. The audit shall be conducted generally in accordance with International Standards of Supreme Audit Institutions. Where specific audit and reporting requirement exist, the Authority may agree to apply such specific standards and requirements.
293. The Authority may agree specific terms and conditions of such engagements where necessary with the concerned organization.
294. Where necessary, the Authority shall determine and charge audit fee from international agencies and others as determined by the Authority from time to time for audit services rendered in accordance with the relevant laws.

Chapter 17

Professional Development Centre

295. There shall be a Training Center of the Authority which shall:
 - a. Ensure continuous professional development of auditors on various subjects;
 - b. Train officials from external agencies in various streams of Public Accountability;
 - c. Liaise with other national and international agencies and impart Professional Development Courses on various subjects; and
 - d. Cater to training programmes organized by external stakeholders (both national and international).
296. The Centre shall be managed and operated in accordance with operational guidelines issued by the Authority.

297. In pursuant to Section 55(9) of the Act, the Authority shall determine and collect fees and charges for trainings and use of its facilities in accordance with scale of fees and charges prescribed which may be revised from time to time.
298. The fees and charges collected under Section 297 of this Rules and Regulations shall be deposited into saving/ current deposit account maintained for the purpose.
299. The fees and charges shall be utilized to supplement the budgetary provision of the Government.

Chapter 18

Miscellaneous

Definition

300. In this Rules and Regulations, unless the context otherwise requires,
- a. “Authority” means the Royal Audit Authority of Bhutan established by the Constitution of the Kingdom of Bhutan and Audit Act of Bhutan.
 - b. “Act” means Audit Act of Bhutan 2018
 - c. “Public Resources” shall have the same meaning as in the Act.
 - d. “Audited entity” means an office, authority, body, company, corporation or any other entity subject to audit by the Authority
 - e. Training Center- Professional Development Center
 - f. Audit Recoveries Account (ARA) - means the Bank Account maintained with the designated bank and operated by the Royal Audit Authority to facilitate deposit of the amount of Audit Recoveries.
 - g. Audit Recoveries (AR) “Audit Recoveries” means specified amount recovered or values recoverable by the Royal Audit Authority at the instance of audit for transactions that took place in contravention to the Government rules, norms and standards.
 - h. Audit Clearance Certificate refers to a certificate issued by the Royal

Audit Authority (RAA) certifying that an official does not have any pending accountability as on date of issue of the Audit Clearance Certificate as per the records of the Royal Audit Authority.

- i. 'Outsourced Audits' may be defined as an auditing arrangement/ modality in which the RAA uses suitably qualified and licensed firms to perform auditing and assurance services on its behalf under the mutually binding contract. It shall exclude arrangement under which RAA obtains specific expert services from outside during the course of audit undertaken by it.
- j. Audit Committee: An operating committee comprising of five members constituted by senior officials and professionals of RAA constituted for overall professional directions and advices of the RAA.
- k. Empanelment: A panel of qualified and licensed firms meeting the qualifications/ criteria set out in this policy having express interest to conduct audit of entities whose audits are outsourced.
- l. Audited entities: The organization, program, activity or function subject to audit by the Royal Audit Authority.
- m. Professional code of ethics and standards: Code of Ethics and standard prescribed in RAA's auditing standard and AG's standing instructions as well as professional standards of professional bodies.
- n. Public Domain: Annual Audit Reports, Performance Audit Reports and any other reports are said to be in Public domain after it is being submitted to His Majesty the Druk Gyalpo, the Prime Minister and the Parliament.
- o. Qualified and licensed firms: Licensed firms which meet the qualification criteria to carry out the outsourced audit services under this policy.
- p. Statutory Audit: Audit conducted by specified professional accountant as a requirement under relevant laws and act.
- q. Supreme Audit Institution: The public body of a state which, however designated, constituted or organized, exercises the highest public auditing function of that State by virtue of law. In Bhutan, the Royal Audit Authority represents the supreme audit institution.
- r. "Rules and Regulations" means the Audit Rules and Regulations of the Kingdom of Bhutan 2020.

SCHEDULES

Schedule I

Audit Information Management System Category Code

1. Fraud and Corruption

1.1 Forgery and tampering of documents

- 1.1.1 Forgery of signature
- 1.1.2 Manipulation/tampering of records
- 1.1.3 Deception/coercion
- 1.1.4 Other forgery & tampering of documents

1.2 Malpractices and abuses

- 1.2.1 Abuse of functions/authorities¹
- 1.2.2 Misappropriation of cash/revenue
- 1.2.3 Misappropriation of public resources
- 1.2.4 Fictitious payment
- 1.2.5 Quotation from non-existing supplier/contractor
- 1.2.6 Payment for works/goods/services not executed/provided²
- 1.2.7 Tax evasion
- 1.2.8 Other malpractices and abuses

2. Non-compliance to Laws and Rules & Regulations

2.1 Non-compliance to Financial norms

- 2.1.1 Diversion of fund
- 2.1.2 Retention of fund for incomplete works
- 2.1.3 Inadmissible payment³
- 2.1.4 Irregular release/obtaining of supplementary fund
- 2.1.5 Irregular re-appropriation
- 2.1.6 Release of security deposit without obtaining refundable deposit release
- 2.1.7 Non- surrender of closed work Account balance to DPA

¹ Abuse of functions/authorities occurs when a public servant uses his/her position to perform an illegal act, or an act that he/she has no legal authority to do, to pursue a private gain.

² Intentionally making payment to favor the contractor/suppliers or individual for the works/goods or services not rendered wholly or partly

³ Inadmissible payment – Payment of any nature not permitted or inadmissible

- 2.1.8 Non carrying forward of balance fund
- 2.1.9 Non-refund of unspent balances
- 2.1.10 Non-deductions of statutory deductions
- 2.1.11 Non/wrong booking of expenditure
- 2.1.12 Irregular sanctions/approvals
- 2.1.13 Direct booking of advances as expenses
- 2.1.14 Irregular collections from public
- 2.1.15 Irregular retention of revenue
- 2.1.16 Outstanding advance
- 2.1.17 unjustified advance
- 2.1.18 Non-carry forward of advances
- 2.1.19 Outstanding duties/taxes/ royalties/revenue/ lease rent
- 2.1.20 Irregular exemptions/write-off
- 2.1.21 Non-imposition of penalties
- 2.1.22 Other non-compliances to financial/revenue norms

2.2 Non-compliance to Procurement of Works, Goods & Services Norms

- 2.2.1 Procurement without tender /quotation
- 2.2.2 Non-observance of Procurement Thresholds
- 2.2.3 Improper/Non-constitution of tender committee
- 2.2.4 Acceptance of non-complying bids
- 2.2.5 Improper evaluation of bids
- 2.2.6 Selection of inappropriate tender procedures
- 2.2.7 Award of contract to other than the lowest evaluated bidder
- 2.2.8 Minimum prescribed time not allowed for submission of bids
- 2.2.9 Procurement from unauthorized sources
- 2.2.10 Split/piecemeal purchases to avoid quotation
- 2.2.11 Irregularities in negotiated purchase
- 2.2.12 Unauthorized sub-contracting
- 2.2.13 Non-obtaining of performance and other guarantees
- 2.2.14 Non-renewal of guarantees
- 2.2.15 Procurement without supply orders
- 2.2.16 Non-renewal of agreement
- 2.2.17 Non-levy of Liquidated damages
- 2.2.18 Outstanding PW Advance
- 2.2.19 Unjustified payment of advance

- 2.2.20 Non-deduction of security deposits
- 2.2.21 Non-deduction others⁴
- 2.2.22 Use of materials other than specified
- 2.2.23 Non-incorporation of standards provision in contract documents
- 2.2.24 Improper preparation of estimates
- 2.2.25 Technical /administration Sanction not obtained
- 2.2.26 Non-preparation of material consumption statements
- 2.2.27 Unwarranted grant of time extension
- 2.2.28 Non execution of works as per drawing and design
- 2.2.29 Changes of design and specification without approval
- 2.2.30 Non insuring of works/properties
- 2.2.31 Payment for works/goods/services not executed/rendered⁵
- 2.2.32 Excess payment due to incorrect rate analysis
- 2.2.33 Non-deployment of committed key personnel/ machinery at site
- 2.2.34 Non-testing of materials
- 2.2.35 Non-enforcement of contract terms and conditions
- 2.2.36 Non-recovery/levy of penalty upon termination of the contract
- 2.2.37 Non-recovery of positive difference upon withdrawal of bid
- 2.2.38 Other non-compliance to procurement of works, goods & services

2.3 Non-compliance to Human Resource Management

- 2.3.1 Irregular promotion
- 2.3.2 Wrong pay fixation
- 2.3.3 Irregular dismissal/suspension
- 2.3.4 Irregular retention of employee
- 2.3.5 Non-enforcement of training bond
- 2.3.6 Non-enforcement of training gap period
- 2.3.7 Non-placement of professionals in right place
- 2.3.8 Irrelevant trainings
- 2.3.9 Disciplinary actions not initiated
- 2.3.10 Availing training without obtaining required documents
- 2.3.11 Other non-compliance to BCSR/Service Rules

⁴ *Non-deduction of Rebates, voids, rent etc.*

⁵ *Payment made to contractor/supplier or individual for the works/good or service not rendered wholly or partly without the intent to favour or absence of fraudulent practices*

2.4 Non-compliance to other laws/policies/rules/directives

2.4.1 Non-compliance to laws/ directives/policies/regulations

3. Shortfall, lapses and deficiencies

3.1. Non-cooperation

- 3.1.1. Non/untimely production of documents
- 3.1.2. Furnishing incomplete/wrong information
- 3.1.3. Other non-cooperation

3.2. Deficiencies on property management

- 3.2.1. Damages/non restoration of public/government property
- 3.2.2. Shortage of assets/properties/supplies
- 3.2.3. Non-maintenance of properties
- 3.2.4. Non/short/accountal of fund/goods
- 3.2.5. Non-surrender/disposal of obsolete/surplus items
- 3.2.6. Acceptance of defective works/goods/services
- 3.2.7. Non rectification of defective works
- 3.2.8. Delay in execution of works/services
- 3.2.9. Irregularities in disposal & auction
- 3.2.10. Non-return of goods and properties issued to individuals/parties
- 3.2.11. Non-codification of assets & properties
- 3.2.12. Non-registration of land and property
- 3.2.13. Other irregularities in property management

3.3. Shortfalls and uneconomical operations

- 3.3.1. Wasteful/Avoidable expenditure
- 3.3.2. Underutilization
- 3.3.3. Improper Site selection
- 3.3.4. Feasibility study not carried out
- 3.3.5. Non/improper maintenance of records⁶
- 3.3.6. Missing records/documents
- 3.3.7. Non-reconciliation⁷

⁶ Records may include accounting records/inventory registers/money receipts/MBs/hindrance register/MAS/ Site order book etc.

⁷ Non-reconciliation of fund/revenue/stock

- 3.3.8. Execution of substandard works
- 3.3.9. Unjustified additional works
- 3.3.10. Non-implementation of Planned activities
- 3.3.11. Non-achievement of goals and objectives
- 3.3.12. Uneconomical operations
- 3.3.13. Abnormal variations
- 3.3.14. Poor service delivery
- 3.3.15. Increase/decrease in turnover rate
- 3.3.16. Overdue creditors and other liabilities
- 3.3.17. Overdue loans/term expired loans
- 3.3.18. Delay/non settlement of claims
- 3.3.19. Wrong application of exchange rate
- 3.3.20. Payments on improper documents/ without supporting documents
- 3.3.21. Excess/double payment to suppliers/ contractors/ employee/ individuals
- 3.3.22. Non/short/excess deposit of fund
- 3.3.23. Non-refund of security deposit
- 3.3.24. Non-forfeiture of security deposit/earnest money
- 3.3.25. Short/non-levy of duties, taxes/royalties/ revenue
- 3.3.26. Short/delay/non-remittances of levies/taxes/revenue
- 3.3.27. Late accountal of levies /taxes/revenue
- 3.3.28. Non/delayed-settlement of tax appeals
- 3.3.29. Non/delayed-filing of tax returns
- 3.3.30. Unpaid dues and entitlements
- 3.3.31. Payment of BST to unregistered business entities
- 3.3.32. Over/under-statement of income
- 3.3.33. Over/under-statement of expenditure
- 3.3.34. Other shortfalls and uneconomical operations

Schedule II

Terms and Conditions for empanelment

The empanelment with the Royal Audit Authority (RAA) shall be subject to the following terms and conditions:

1. Empanelment shall be valid for the period of three years from the date of empanelment;
2. Carry out audits entrusted to them in compliance with the applicable laws, rules and regulations, International Standards on Auditing/ International Standards of Supreme Audit Institutions and other terms of such engagements issued by the RAA;
3. Not accept appointment as auditors of companies/agencies if they have rendered accountancy and other consultancy services during the period of appointment as auditors or in the previous two years in those companies/agencies;
4. Ensure that audit team consists of members of such qualifications and experience as would be necessary for carrying out quality audit. The firm shall ensure that the audit team shall not include more than one article clerk;
5. Adhere to quality control procedures including supervisory controls and independent partner review. The quality control procedures performed for audits shall be documented accordingly;
6. Ensure adherence to the professional code of conduct and ethical rules as prescribed by their respective Institutes and Accountancy Bodies and any other professional code issued by the RAA;
7. Intimate RAA of changes in their partnership constitution within 2nd week of January annually or in respect of any material changes(s) at an earlier date not later than 30 days from the date of such changes;
8. Intimate RAA of any legal disputes including amongst the partners as soon as such cases are submitted for adjudication;
9. Firms appointed as statutory auditors of private companies and public companies (not government companies) shall inform the RAA of such appointment(s) within 30 days from the date of appointment;
10. Should not render any remunerative services including preparation of accounts in a company/agency if they are appointed as statutory auditors of that company for which audit fee is paid to them;

11. If a firm is appointed as statutory auditors for more than one company and the audit is conducted at the same time around or immediately after completion of audit of first company involving the same members of the audit team without entailing additional travel, the firm shall charge the travel expenses proportionately to the companies being audited;
12. While making the claims for travel expenses, the train tickets for the travels made by train and boarding pass for travel made by Air in original shall be produced to the companies in case of audit of private companies and to the RAA for audit of government companies;
13. The RAA may require the firms to produce sufficient evidence of having physically visited the client's premises and conducted the audit including evidence of performance of audit procedures, immigration documents and other documents;
14. Adhere to the Terms and Conditions of empanelment and appointment as auditors. Any non-compliance to such terms and conditions shall result in issuance of letter of non-compliances and letter of reprimand by the RAA;
15. In case of serious violation of terms and conditions including gross professional misconduct, the firm shall be de-empanelled after serving due show cause notices. Such notice of de-empanelment shall be intimated to the respective institutes and accountancy bodies, and other relevant authorities;
16. The RAA's interpretation of these terms and conditions of empanelment shall be FINAL & BINDING and the audit firm shall be removed by RAA after a show-cause notice is served as per clause 15 and no further explanations would be entertained from the firm, and
17. The Profile of firms in PDF format shall be uploaded on the RAA's websites for reference by the companies and for use by the RAA. Wherever available, the link to Firms' websites shall also be created.

Schedule III

Role of the Audit Committee of the RAA

The audit committee constituted under the Act shall function in accordance with the Roles and Responsibilities prescribed below:

1. The Committee shall carry out due diligence exercise of the Firms shortlisted for empanelment, which would include making visits to the offices of the Firms;
2. Prepare and submit Due Diligence Report to the Auditor General proposing the list of firms to be empanelled for final endorsement. The proposed list of firms shall be adequately supported with reasons and justifications;
3. Develop Terms and Conditions of empanelment. The monitoring of the compliance to such terms and conditions may be delegated to the respective functional divisions;
4. Empanel the statutory auditors of companies incorporated under the Companies Act of Bhutan 2016, Civil Society Organizations, Religious Organisations and any other audits outsourced by the RAA as required under Outsourcing Policy of the RAA.
5. Propose a list of auditors to be appointed for government companies including financial institutions, Central Bank, NPPF, Civil Society Organizations, Religious Organizations and any other audits outsourced by the RAA which shall be endorsed by the Auditor General.
6. Appoint the auditors, determine and fix their remuneration and expenses and issue Terms of Reference. The signing of appointment letter may be delegated to the Member Secretary of Audit Committee;
7. Participate in the discussion of the audit reports at the exit meetings as may be necessary and practicable, and require the management to respond to audit findings;
8. Follow-up the implementation of the audit reports and recommendations and issue necessary directives and instructions for non-implementation of the recommendations;
9. The committee may review audit working files to ascertain the adequacy of audit plan, performance of audit procedures and documentation.
10. The committee shall develop and issue Minimum Audit Examination and Reporting Requirements as required by the Companies Act.

