

RAA Uncovers Over Nu 3.9 billion in Irregularities for FY 2023–2024

Public Accounts Committee of the National Assembly bares down major deficiencies and irregularities across agencies

SL#.	Name of Agency	Amount
1.	Dzongkhag Administration, Pemagatshel including Dungkhag & Gewogs	4.738
2.	Dzongkhag Administration, Samtse including Dungkhags & Gewogs	3.891
3.	Thromde Administration, Thimphu	2.575
4.	Dzongkhag Administration, Bumthang including Gewogs	1.501
5.	State Trading Corporation of Bhutan Limited	1.206
6.	Department of Education Programs, MoESD	1.063
7.	Dzongkhag Administration, Dagana including Dungkhag & Gewogs	0.364
8.	Dzongkhag Administration, Mongar including Dungkhag & Gewogs	0.277
9.	Dzongkhag Administration, Haa including Dungkhag & Gewogs	0.107

The Public Accounts Committee (PAC) revealed total financial irregularities of Nu 3.96 billion—representing 5.64% of total government expenditure during the fiscal year. These were categorized into three key types.

Fraud and Corruption (Nu 15.76 million, 0.40%): These cases were found to involve willful misconduct with intent to derive personal benefit. The Dzongkhag Administrations of Pemagatshel and Samtse, along with Thimphu Thromde, were among the highest contributors to fraud-related cases. Some cases have been referred to the Anti-Corruption Commission (ACC) for further investigation.

Non-Compliance with Laws, Rules & Regulations (Nu 2.21 billion, 55.76%): This category represented the bulk of the irregularities. It included deviations from legal mandates, policies, and standard operating procedures. The Department of Infrastructure Development (MoIT) topped the list with Nu 344.40 million in irregularities, followed by the State Trading Corporation of Bhutan Limited (STCBL) and the Punatsangchhu-II Hydroelectric Project.

Shortfalls, Lapses and Deficiencies (Nu 1.74 billion, 43.84%): This included instances of excess payments, wasteful expenditures, TDS non-deductions, and underutilized infrastructure. The Punatsangchhu-II project and State Mining Corporation Limited (SMCL) reported the highest lapses under this category.

Status of Resolved and Unresolved Irregularities

As of March 31, 2025, of the total Nu 3.96 billion in irregularities, Nu 1.58 billion (39.93%) had been resolved, while Nu 2.38 billion remained outstanding. A breakdown of unresolved irregularities shows non-compliance cases amounting to Nu 1.24 billion (56.26%), shortfalls/lapses amounting to Nu 1.13 billion (64.99%) and, fraud cases amounting to Nu 8.36 million (53.05%).

Among public corporations, SMCL and STCBL carried the largest unresolved amounts—Nu 360.40 million and Nu 328.73 million, respectively. In the hydropower sector, unresolved irregularities declined slightly, from Nu 741.61 million to Nu 708.66 million, with the majority attributable to Punatsangchhu-II.

Persistent Budget Underutilization

The AAR and PAC flagged chronic underutilization of the capital budget as a systemic concern. While the highest underutilization was in 2020 (30.03%) due to the COVID-19 pandemic, the issue continues. In FY 2023–24, capital underutilization stood at 18.67%.

“This recurring trend points to institutional weaknesses such as poor planning, delays in procurement, inadequate implementation capacity, and limited technical resources at the agency level,” the PAC noted.

Key Financial Observations

The RAA audited the Annual Financial Statements (AFS) of the Royal Government of Bhutan (RGoB) for FY 2023–24 and reported several noteworthy highlights.

Budget Overview: The approved national budget was Nu 74.86 billion, later revised to Nu 77.07 billion after the incorporation of Nu 2.21 billion in external funds, primarily from the Government of India (GoI). Total grants received amounted to Nu 10.61 billion (Nu 10.23 billion in cash and Nu 383 million in kind), with Nu 16 billion raised through external borrowings).

Expenditure and Deficit: Total expenditure stood at Nu 70.22 billion, reflecting an 8.89% underutilization of the revised budget. Notably, capital budget utilization was low, with an 18.67% shortfall. However, the fiscal deficit was significantly reduced to just 0.16% of GDP (Nu 431.21 million), compared to the originally projected 8% (Nu 21.35 billion), largely due to under-spending and improved revenue performance.

Audit Recoveries: A total of Nu 405.30 million was recovered during the audit period from various agencies.

A Pattern of Recurring Irregularities

Although the volume of irregularities declined from a peak of Nu 7.52 billion in FY 2021–22 to Nu 2.84 billion in FY 2022–23, the latest figure of Nu 3.96 billion in FY 2023–24 indicates a systemic recurrence.

“These patterns suggest persistent non-compliance with legal and institutional frameworks, coupled with weak internal controls and ineffective accountability mechanisms,” the report stated.

The Royal Audit Authority's (RAA) Annual Audit Report (AAR) for the fiscal year 2023–2024 was tabled during the 2nd session of the Fourth Parliament in December 2024. The comprehensive audit, compiled from 439 Financial Audit Reports and 86 Compliance Audit Reports—totaling 525 audit documents issued between 1st July 2023 and 30th June 2024—provides a critical assessment of the government's financial performance and systemic issues across agencies.

The PAC reviewed the AAR in line with established procedures, focusing on the certification of the Annual Financial Statements, outstanding irregularities, and RAA's key recommendations. The findings shed light on both fiscal discipline and underlying weaknesses in institutional governance.

In the meantime, the RAA has urged implementing agencies to enhance internal controls, strengthen compliance monitoring, and address skill gaps in project planning and financial management. The PAC emphasized the importance of timely implementation of audit recommendations to uphold fiscal discipline and public accountability.

As Bhutan advances into its next fiscal year, the audit findings underscore the need for robust reforms in financial governance, better enforcement of accountability, and an overhaul of planning and execution systems to ensure prudent use of public resources.

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