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Royal Audit Authority



ANNUAL

PERFORMANCE

REPORT

2024-25



Annual Performance Report



FY 2024-25

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Introduction

The Annual Performance Report (APR) of the Royal Audit Authority (RAA) for the financial year 2024-25 provides a comprehensive overview of the institution's initiatives and achievements in fostering accountability, transparency, and good governance. Guided by its constitutional mandate, the RAA continues to enhance public financial management through high-quality audits, operational efficiency, and innovative approaches to emerging challenges.

Aligned with INTOSAI P-12 and the goals of the Strategic Plan (SP) 2020-25, the RAA is committed to improving public sector accountability and performance. This commitment is reflected in its rigorous audit efforts and timely reporting, which serve as essential tools for informing public sector decisions and promoting a culture of integrity and ethical governance.

Achieving these objectives requires not only internal capacity but also collaboration with stakeholders, including audited entities. The RAA actively engages its ecosystem to draw meaningful conclusions, foster policy shifts, and drive operational improvements. The impact of its work extends beyond financial recoveries, encompassing cost savings, strengthened internal controls, and deterrence of unethical practices.

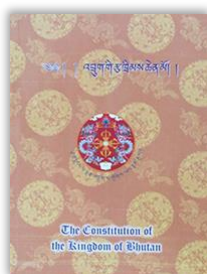
While long-term impacts will unfold over time, the immediate benefits, such as promoting accountability, enhancing public sector efficiency, and supporting ethical governance, are already evident. This report highlights key outcomes and strategic efforts from FY 2024-25, underscoring the RAA's role as a catalyst for positive change in service of Bhutan's development priorities.

1. About the RAA

1.1. Mandates

The RAA has undergone significant organisational and structural transformations since its inception. Established in 1961 as the Committee of Accounts and Audit, it was subsequently instituted as a Department in 1974. In 1985, it attained the status of a fully autonomous body and was formally renamed as the Royal Audit Authority.

Throughout its evolution, several Royal Decrees were issued in 1970, 1997, 1999, 2000, and 2005, delineating the mandates of the RAA and underscoring the importance of its professional independence. Recognising its critical role in promoting good governance and ensuring public accountability through the audit and reporting of the prudent, economic, efficient, and effective utilisation of public resources, the RAA was accorded Constitutional Status in 2005.



The Constitution of the Kingdom of Bhutan mandates the RAA to audit and report on the economy, efficiency and effectiveness in the use of public resources.



The RAA also draws its mandates from the Audit Act of Bhutan 2018 and other mandates from specific legislations such as the Companies Act of the Kingdom of Bhutan 2016, Public Finance Act 2007 and Amendment Act 2009, Religious Organisations Act 2007, Civil Society Act 2007, amongst others.

The RAA functions in accordance with the Audit Act of Bhutan 2018, which specifies independence, powers, duties, roles and responsibilities of the RAA. In order to enhance the credibility, professionalism and quality, the RAA adopted International Standards for Supreme Audit Institutions (ISSAIs) in 2016. Since

then, financial, compliance and performance audits are conducted in accordance with the standards.

1.2. Audit Jurisdiction

The audit jurisdiction of the RAA includes;

- i. Accounts of the budgetary bodies, including government agencies;
- ii. Foreign-assisted, donor-assisted or special projects of the Royal Government;
- iii. Embassies, consulates, and other foreign-based government agencies;
- iv. Zhung Dratshang, Rabdeys, and all related institutions;
- v. Defence and Security Services;
- vi. Constitutional bodies, Commissions, and any other government agencies;
- vii. Autonomous state colleges, universities and all autonomous bodies of the Royal Government;
- viii. Registered political parties;
- ix. All state enterprises in which the government has a stake, financial institutions, including the Central and other Banks and their subsidiaries established under the laws of Bhutan in which the government has an ownership interest;
- x. All entities, including non-governmental organisations, foundations, charities and civil societies fully or partly funded by the government, whose loans are approved or guaranteed by the government, and those receiving funds, grants and subsidies directly or through the government and collections and contributions from people and funds raised through lottery;
- xi. Any entity, whether private or public, engaged in extracting, processing, trading, and mining of natural resources of the state;
- xii. Any other public interest entity, if considered necessary by the Auditor General;
- xiii. Accounts and operations of international agencies based in Bhutan, if required under specific arrangements; and
- xiv. Any entity or activities upon command of His Majesty the Druk Gyalpo.

Regardless of the existing audit laws, Parliament may direct the RAA to audit any public or private entity by resolution.

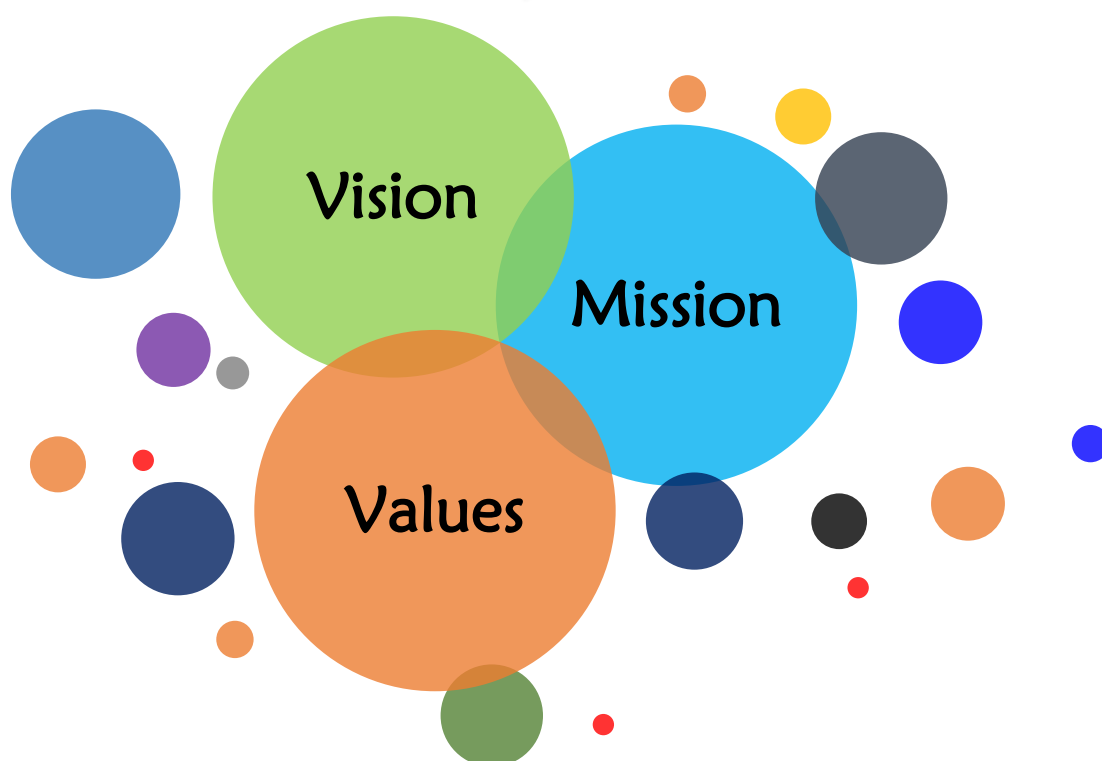
1.3. Vision, Mission and Values

OUR VISION

A credible Supreme Audit Institution that promotes value for money and good governance in public operations and contributes towards achieving the societal aspirations of Gross National Happiness.

OUR MISSION

RAA is an independent constitutional body which contributes to accountability, transparency and effective service delivery. In the service of Tsa-Wa-Sum (the King, Country and people), we audit without fear, favour or prejudice and provide timely, reliable and quality audit services to assist effective decision making in the public sector.



CORE VALUES

INTEGRITY: We are independent, honest and incorruptible in our conduct and remain impartial and trustworthy.

ACCOUNTABILITY: We are accountable for our own actions in a similar way we propound accountability in audited agencies.

TRANSPARENCY: We are transparent in all our dealings and actions, and promote the culture of openness and submit ourselves to scrutiny.

PROFESSIONALISM: We perform quality audit services through dedicated and competent workforce conforming to auditing standards and best practices.

TEAMWORK: We believe in team spirit and diversity to unleash our full potential in achieving our common goal through mutual respect, trust and support.

1.4. Organisational Structure

The RAA is organised into three departments and four regional offices, known as the Offices of the Assistant Auditor General (OAAG), which extend audit services nationwide. Each department is led by a Deputy Auditor General, while the Divisions in the Headquarters and OAAGs in Bumthang, Phuentsholing, Samdrup Jongkhar, and Tsirang are headed by Assistant Auditors General (AAG). Additionally, the Professional Development and Research Centre in Tsirang, led by a Program Director, serves as the RAA's training wing to support ongoing auditor development. **Figure 1** provides the organisational overview.

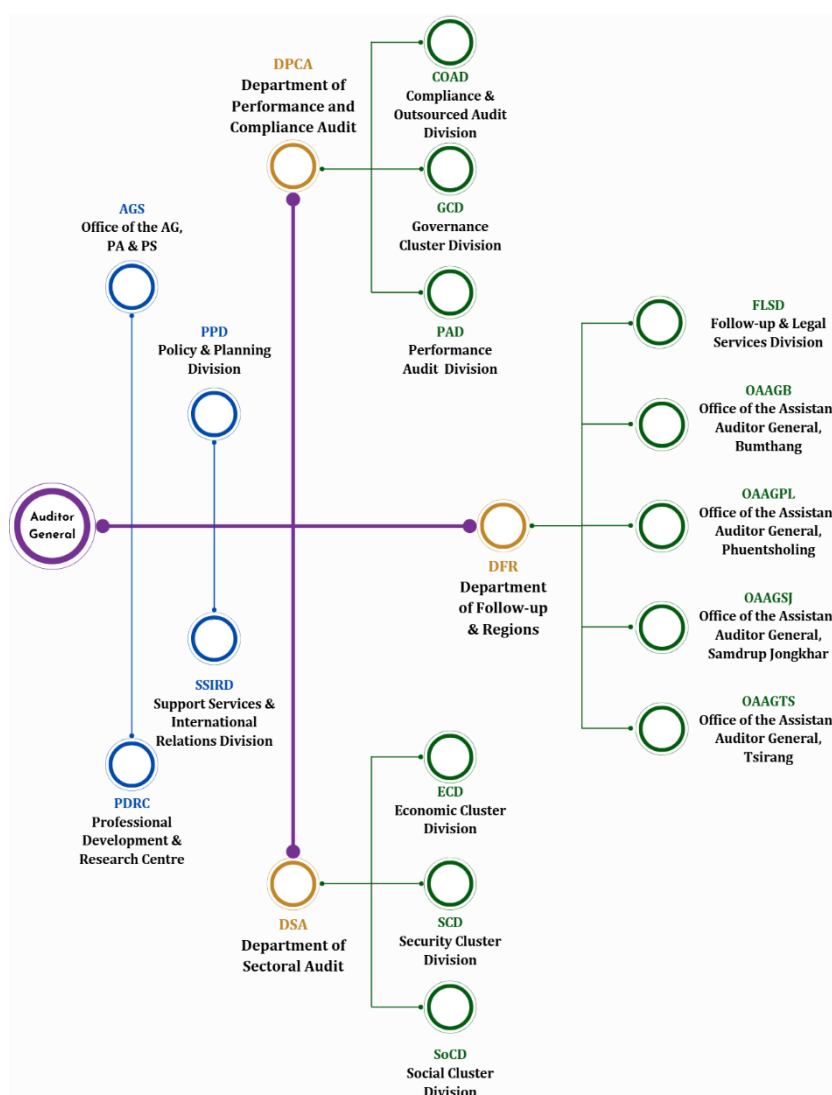


Figure 1: RAA's Organisational Structure

2. Performance Highlights

The five-year SP, initiated since 2010, is prepared as an overall strategy to accomplish the mandates of RAA. As such, the plan provides an opportunity for RAA to consolidate its strengths to enhance the effectiveness and efficiency of audit services to the nation.

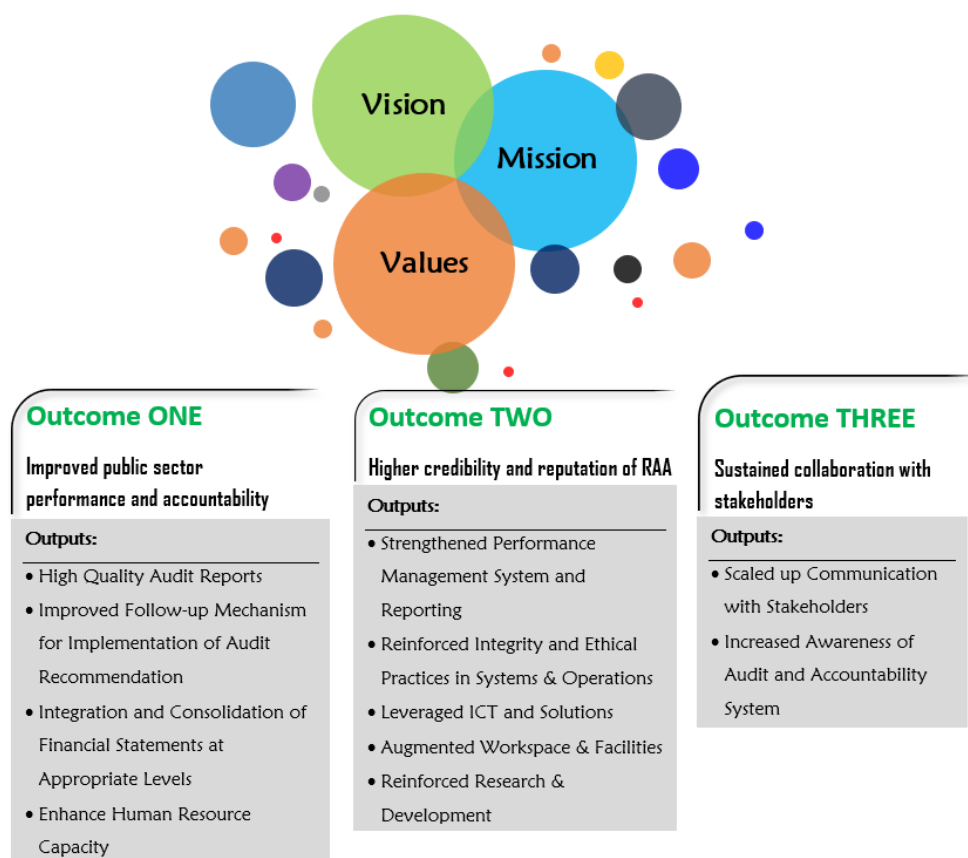


Figure 2: Outputs and Outcomes of Strategic Plan 2020-2025

The SP 2020-2025 was formulated and launched in June 2021. The plan period is aligned to the term of the Third Auditor General appointed as per the Constitution of the Kingdom of Bhutan 2008. The plan is broadly aligned to INTOSAI P-12 on the value and benefits of SAIs, and the 12th Five-Year Plan (2018-2023) of the Royal Government of Bhutan. The plan is operationalised through annual Operational Plans (OP) that consist of prioritised annual activities with detailed specifications on target, resources and responsibilities. The results framework of the SP 2020-2025 is as described in **Figure 2** above.

The Annual Performance Report 2024-25 covers overall achievements of the year, encapsulating important tasks and activities performed during the year. It is expected to serve as a reference document for the overall performance report at the end of the strategic plan period.

To help determine achievement of the year based on the annual OP 2024-25, we assessed the annual performance using a set of performance indicators adopted in the strategic plan.

Performance against annual targets demonstrates the organisation's effectiveness in delivering planned outcomes. As illustrated in **Figure 3**, of the 29 performance indicators, 23 achieved their targets, while 6 under Output 1: High-Quality Audit Reports fell short.

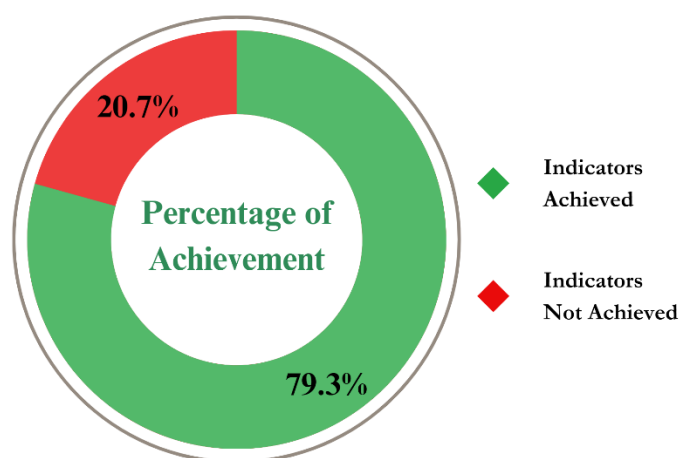


Figure 3: Performance Achievement for the FY 2024-25

Table 1: Performance Highlights of RAA for the FY 2024-25

Output		Performance Indicators	Annual Target	Achievement
Outcome 1: Improved Public Sector Performance and Accountability				
1. High Quality Audit Reports	1	Number of audit reports selected for QA review	CA: 2	Nil
	2		FA: 7	Nil
	3		PA: 2	Nil
	4		OA: 3	7
	5	Percentage of QA requirement/standards met (FA)	70%	64.30
	6	Financial Audit Coverage (%)	>90%	94.40
	7	Compliance Audit Coverage (Nos.)	14	79
	8	Performance Audit Coverage (Nos.)	8	4

	9	Percentage of audit reports completed during the year which are published within 3 months for FA and 6 months for CA and PA (within completion of field audit)	FA: >90%	100
	10		CA: 100%	100
	11		PA: 100%	50
2. Improved follow-up mechanism for implementation of audit recommendations	12	Follow-up reports of FA issued (%)	100%	167.45
	13	Follow-up reports of AAR issued (Nos.)	1	1
	14	Follow-up reports of PA issued (Nos.)	5	10
	15	Follow-up reports of CA issued (%)	100%	186.54
	16	Percentage implementation of audit recommendations (AAR)	60%	71.96
	17	Percentage implementation of audit recommendation (PA)	60%	74.19
	18	TAT in issuing the audit clearance certificate	90%	94.68
3. Integration and consolidation of financial statements at appropriate levels	19	Consolidated audits conducted (Nos.)	>20	43
4. Enhanced human resource capacity	20	Implementation of HR strategy	Implemented	Yes
Outcome 2: Higher Creditability and Reputation of RAA				
1. Strengthened performance management system and reporting	21	RAA's performance reporting to its Stakeholders, including RAA's performance vis-à-vis the SP's output and internal audit	Yes	Yes
2. Reinforced integrity and ethical practices in systems and operations	22	Implemented Organisational Integrity Plan	Yes	Yes
3. Leveraged ICT and solutions	23	Implementation of AIMS	Implemented	Yes
4. Augmented workspace and facilities	24	Infrastructure developed and facilities provided	Yes	Yes
5. Reinforced research and development	25	Conducting research and development works	Research carried out by all the audit teams	93 research papers submitted by the auditors

Outcome 3: Sustained collaboration with Stakeholders				
1. Scaled up communication with stakeholders	26	Continuous engagement with different stakeholders (as per the communication plan)	Engagement with primary stakeholders	Yes
	27	Positive stakeholder perception of RAA (on a scale of 1 to 10)	>5	8.56
2. Increased awareness of the audit and accountability system	28	No. of awareness programmes conducted for different stakeholders	1	11
3. Increased Media coverage on audit reports	29	No. of news on audit reports published in print media, discussed in social media, and broadcast media	10	26

2.1. Audit Impacts

The audit outcomes for FY 2024–25 demonstrate notable advancements in public accountability, financial integrity, and governance. During the year, a total of 454 accounts were audited and certified, reinforcing public trust in the stewardship of public resources. These efforts also contributed to substantial cost savings of Nu. 184.458 million, achieved through recoveries: Nu. 175.304 million recovered per cash book, Nu. 6.325 million refunded directly to the Asian Development Bank, Nu. 2.440 million adjusted from the Running Bills (RB) of the Construction of the 65-Bedded Mother and Child Hospital, Mongar, and Nu. 0.338 million adjusted from the RB of the Mangdechhu Hydropower Plant, Trongsa.

Beyond financial recoveries, the audit exercised rigorous administrative oversight, resulting in 150 recommended actions against 95 officials, of which 31 actions were implemented across 28 agencies, representing an implementation rate of 21% as of 30th June 2025. This underscores the audit's role in promoting accountability and strengthening internal controls.

The audit also reinforced infrastructure quality and compliance, prompting rectification of 44 defective works across 19 agencies, including farm roads, drainage systems, irrigation channels, and chain-link fencing. Furthermore, legal compliance and procedural improvements were emphasized: seven cases were pursued through recommended legal action, 11 agencies updated their asset records in the Government Inventory Management System, and nine instances of incomplete works were completed across six agencies.

Collectively, these outcomes highlight the audit's pivotal role not only in safeguarding public funds but also in driving corrective actions, enhancing operational efficiency, and strengthening governance frameworks, thereby contributing to sustainable improvements across the public sector.

AUDIT IMPACT

2024-25

454

Accounts audited and certified



Leading to public confidence and trust in government, fostering a stable and thriving democracy.



Nu.

184.458

million Cost Savings



7

Items replaced as per specification



TAKE ACTION

150

Administrative Actions recommended against 95 officials.



DONE ✓

31 Administrative Actions taken against 23 officials across 8 agencies.

44 Defective Works

Rectified across 19 agencies



13

Farm Roads



17

Drains/Footpaths/Parking



10

Streetlights/Geysers/Buildings



2

Irrigation channels



2

Chain-link fencing

1

Legal action taken against 7 recommended



11

Agencies updated assets in

Government Inventory Management System

9

Instances of incomplete works completed across 6 agencies.



3. Delivery of Operational Plan 2024-25

The annual OP 2024-25 was implemented from July 2024 to June 2025, focusing on prioritised activities aligned with the strategic plan's results framework. With defined timelines and responsibilities, it aimed to advance the RAA's strategic goals. The progress is reported under 12 outputs, as detailed below.

3.1. High Quality Audit Reports

RAA conducts three types of audits: Financial, Compliance and Performance audits. Financial audits involve an independent examination of agencies' financial statements to assess compliance with financial reporting frameworks. In addition to providing audit opinions, the RAA reports instances of non-compliance or irregularities based on its review of accounts and operations.

Compliance audits evaluate whether agencies adhere to applicable laws and regulations in the use of public funds and resources. Performance audits assess programs, operations, and management systems to determine if public resources are utilised efficiently, economically, and effectively.

The primary output of the RAA is audit reports, which serve to enhance performance, accountability, and transparency in the public sector. The reports are not merely an end result but a means to drive positive societal impact and create value for citizens.

During the year, the RAA conducted 383 audits, covering both financial and compliance audits. Additionally, 90 audits of Civil Society Organisations (CSOs), Non-Governmental Organisations (NGOs), and Religious Organisations (ROs) were outsourced to private firms, while empanelled statutory audit firms conducted 60 audits of government corporations and financial institutions.

3.1.1. Financial and Compliance Audits

To enhance accountability and efficiency, RAA ensures maximum audit coverage for agencies managing public resources, providing relevant observations and recommendations for improvements.

During the year, RAA conducted 304 Financial Audits (FA) and 79 Compliance Audits (CA), achieving 94% and 84% audit coverage, respectively. All audit reports were issued. In addition, the issuance of audit reports surpassed the established targets, with 100% of FA reports issued within three months and CA reports within six months of audit completion.

In comparison, only 50% of PA reports were released within six months of audit completion. RAA also supervised and monitored 60 statutory audits of corporations and financial institutions and 90 outsourced audits of CSOs, NGOs, and ROs, conducted by statutory audit firms.

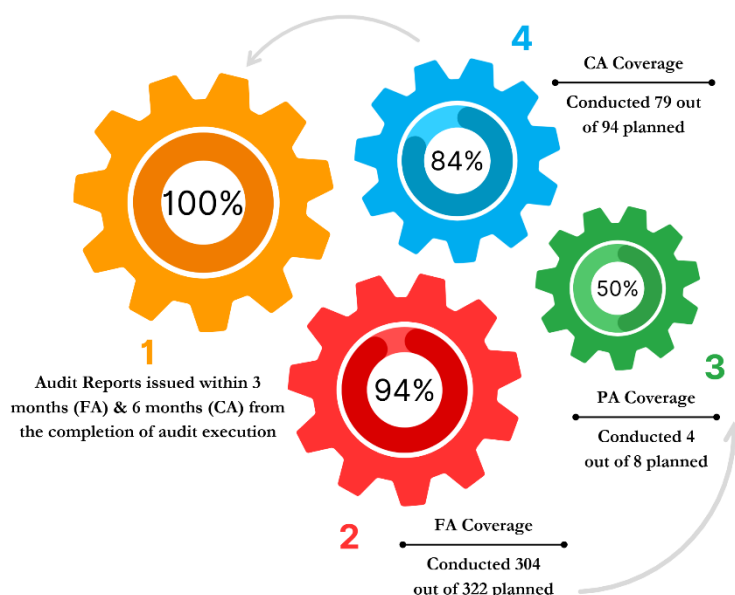


Figure 4: Audit Coverage

The PPD conducted a quality assurance (QA) review for seven FA reports (Outsourced Audits), with a 64% compliance rate against the 70% annual target. The RAA upholds quality reporting as key to its credibility and reputation, embedding quality control measures at all levels, from audit teams to the Advisory Committee.

Divisions and Offices of the Assistant Auditor General (OAAGs) conducted 30 remote and 3 hybrid audits during the year, enhancing flexibility without compromising audit quality.

3.1.2. Performance Audit

During the year, the RAA issued two PA reports: Water, Sanitation and Hygiene (WASH) Facilities and Services in the Government Schools under Thimphu Thromde and the Civil Society Organisation Authority. The reports were submitted to His Majesty The Druk Gyalpo, the Prime Minister, and other

relevant stakeholders as mandated by Article 25(5) of the Constitution of the Kingdom of Bhutan and Section 72 of the Audit Act of Bhutan 2018. The report on WASH Facilities and Services was tabled in the Joint Sitting of the Third Session of the Fourth Parliament on 2nd July 2025.

The RAA's Performance Audit on WASH facilities in 20 government schools under Thimphu Thromde revealed critical gaps in adequacy, accessibility, functionality, inclusiveness, and management of facilities and services. The audit called for a nationwide assessment to address these challenges and ensure all schools meet the National Standards for WASH in Schools (2024).

Its 10 strategic recommendations are guiding the Ministry of Education and Skills Development, Thimphu Thromde, and relevant agencies to strengthen planning, prioritise upgrades, secure sustained funding, improve water quality monitoring, and enhance inclusivity. The audit has also equipped school management with better approaches for operating and maintaining WASH facilities, laying the groundwork for long-term, systematic improvements that will make school environments safer, healthier, and more supportive for every learner.

The full Performance Audit Report on WASH Facilities and Services in Government Schools under Thimphu Thromde is available [here](#).

3.1.3. Annual Audit Report 2023-24

By Article 25(5) of the Constitution of the Kingdom of Bhutan and Section 111 of the Audit Act of Bhutan 2018, the RAA submits the Annual Audit Report (AAR) to His Majesty The Druk Gyalpo, the Prime Minister, and the Parliament.

The AAR 2023-24 presents the audit findings of the Annual Financial Statement (AFS) of the Royal Government of Bhutan, along with an assessment of the government's overall financial condition. It also includes recommendations to enhance economic efficiency, effectiveness, and accountability.

The AAR 2023-24 is based on 525 audit reports issued between 1st July 2023 and 30th June 2024, encompassing a comprehensive summary and analysis of all audit findings during this period.

The financial implications of the audit observations amounted to Nu. 3,961.136 million of which Nu. 15.762 million was categorised under 'Fraud and Corruption', Nu. 2,208.794 million under 'Non-compliance to Laws, Rules and Regulations' and Nu. 1,736.580 million under 'Shortfalls, Lapses and Deficiencies', representing 0.40%, 55.76% and 43.84% respectively as depicted in **Figure 5**.

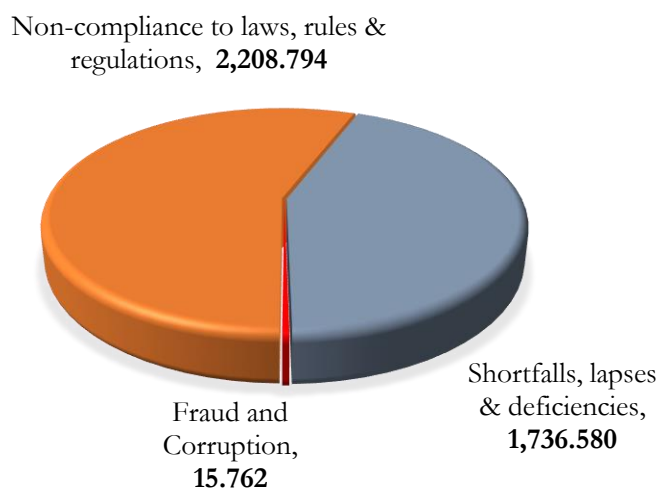


Figure 5: Irregularities by Categories (Nu. in million)

The AAR 2023-24 was deliberated in the Joint Sitting of the Third Session of the Fourth Parliament on 1st and 2nd July 2025. The AAR issued by the RAA was reviewed and assessed by the PAC in line with Article 25(6) of the Constitution of the Kingdom of Bhutan, which mandates the Committee to submit audit findings to Parliament for consideration. Subsequently, the Chairperson of the PAC presented the Committee's Review Report on the AAR 2023-24, along with the Review Report on the AAR from 2010 to 2023, to the Joint Sitting of Parliament.



Figure 6: Joint Sitting of the Third Session of the Fourth Parliament deliberated on the AAR 2023-24 and the PAC's recommendations

The PAC made the following six recommendations on the AAR 2023-24:

1. The Royal Government to initiate a performance-based budgeting across all budgetary bodies to address the persistent issues of capital budget underutilization and enhance the efficient utilisation of resources.
2. The Committee recommends strengthening infrastructure project planning by ensuring adequate time, resources, and professional expertise, holding supervisory authorities accountable, rationalising engineers' workloads, and restructuring Tender Committees to include more technical experts. It further calls for a review of Procurement Rules and Evaluation Guidelines to address issues such as flawed bidding practices, weak monitoring, and technical gaps. Additionally, the Bhutan Standards Bureau should play a central role in ensuring quality standards in public procurement.
3. The RAA is to reflect the exact value of the irregularities to enhance the accuracy of the overall financial irregularities in the report.
4. The RGoB to ensure adherence to the Community Contract Protocol and institutionalise accountability mechanisms in community contracts to ensure post-completion liabilities.
5. The RGoB to mandate all agencies to ensure consistency and context-specificity in determining contract duration and technical specifications by considering local climatic conditions and geographical challenges during contract preparation.
6. The RGoB to invoke Section 123 of the Audit Act of Bhutan 2018, which clearly states: "*Any serious cases remaining unresolved for 12 months after deliberation in the Parliament shall be referred to the Court of Law by the agencies concerned.*" In addition, the RGoB to ensure adequate legal officers across agencies to ensure timely legal action.

The Parliament unanimously endorsed all the recommendations of the Public Accounts Committee (PAC) on the Audit Review Report for the financial year 2023-24, with all 67 members voting in favour. However, with respect to certain specific recommendations of the PAC, the parliament further resolved to make the following additional recommendations:

1. With regard to the Committee's recommendation to address the underutilization of the capital budget, the parliament recommended that the Government undertake a review of the timeliness of budget releases, the adequacy of human resources, and the working conditions within implementing agencies.

2. The Parliament further directed the Office of the Cabinet Affairs and Strategic Coordination (OCASC) to convene annual meetings with planning officers and other relevant stakeholders to assess strategies for enhancing capital budget utilisation and ensuring adequate human resources. In collaboration with the Department of Budget and Planning, OCASC is to submit a review report during the forthcoming Winter Session. The Good Governance Committee (GGC) was also mandated to monitor the progress of these initiatives.
3. With regard to the recommendation concerning the Community Contract Protocol, the parliament directed the Ministry of Home Affairs, in consultation with the Local Government, to review the Protocol and present its findings to the House during the forthcoming Winter Session.

3.2. Improved Follow-up Mechanism

The primary objective of an audit is to enhance accountability, transparency, and integrity in the public sector through the effective implementation of audit recommendations. The impact of audit work depends not only on the recommendations made but also on their enforcement. To ensure compliance and corrective action, the RAA follows up on audit observations.

During the year, the RAA conducted follow-ups on 743 audit reports from previous years, issuing 1,274 follow-up reports: 1,070 (FA), 194 (CA), and 10 (PA). Follow-up of audit observations and recommendations continues until outstanding issues are resolved through appropriate management actions, with implementation rates detailed in Part II of the report under Audit Impacts.

Review reports of AARs and PA Reports, reflecting actions taken by audited agencies, are submitted to the Parliament in March or September each year. Before this, the Follow-up and Legal Services Division (FLSD) and the Follow-up Section of the OAAGs request Action Taken Reports (ATR) from audited agencies to assess progress on unresolved observations. A consolidated review report is then submitted, with continuous monitoring of corrective actions based on updated statuses from agencies.

Of the total unresolved irregularities amounting to Nu. 14,770.03 million reported in AARs from 2010 to 2020, Nu. 12,347.60 million has been resolved as of 31st March 2025, leaving a balance of Nu. 2,422.44 million as summarised in **Table 2**.

Table 2: Status of AAR 2010-2020

Sl. No.	Particulars	Total significant irregularities reported in the AARs (Nu. M)	Total irregularities resolved 31/3/25 (Nu. M)	Irregularities resolved during the period - 29/02/24 - 31/03/25	Balance irregularities as on 31/03/25	Percentage of irregularities resolved as on 31/03/25
1	AAR 2010	681.59	681.48	-	0.11	99.98
2	AAR 2012	91.01	90.89	-	0.12	99.86
3	AAR 2013	261.46	260.03	-	1.43	99.45
4	AAR 2014	634.31	633.37	11.78	0.97	99.85
5	AAR 2015	523.74	516.35	43.36	7.39	98.58
6	AAR 2016	1958.85	1955.53	15.12	3.31	99.83
7	AAR 2017	4309.76	4285.95	26.22	23.80	99.44
8	AAR 2018	2376.31	1270.26	14.28	1106.04	53.45
9	AAR 2019	1795.78	1261.34	29.88	534.44	70.23
10	AAR 2020	2137.22	1392.40	261.28	744.82	65.15
Total		14,770.03	12,347.60	401.92	2,422.44	83.59

3.2.1. Status of AAR 2020-21

Of the total irregularities amounting to Nu. 4,002.46 million reported in the AAR 2020-21, Nu. 48.17 million has been resolved, leaving a balance of Nu. 958.11 million as of 31st March 2025, as detailed in **Table 3**.

Table 3: Status of AAR 2020-21

Sl. No.	Agencies	Irregularities reported in the AAR (Nu. M)	Total irregularities resolved as of 31/3/25	Irregularities resolved during the period 29/2/24 – 31/3/25	Balance irregularities as on 31/3/25	Percentage of irregularities resolved as on 31/3/25
1	Ministries	215.12	184.70	5.77	30.42	85.86
2	Dzongkhag Administrations	160.03	146.62	5.65	13.41	91.62
3	Dungkhags Administrations	28.53	12.38	0.07	16.15	43.39
4	Gewog Administrations	41.95	39.24	0.60	2.71	93.54
5	Autonomous Agencies	204.26	197.66	28.60	6.60	96.77
6	Corporations	1172.72	1068.41	1.63	104.31	91.11
7	NGOs	49.16	27.41	5.85	21.75	55.76

8	Hydro Powers	2130.69	1367.93	-	762.76	64.20
Total		4,002.46	3,044.35	48.17	958.11	76.06

3.2.2. Status of AAR 2021-22

The total irregularities across all three categories for the FY 2021-22 amounted to Nu. 7,525.50 million. A total of Nu. 6,916.13 million has been resolved as of 31st March 2025, reducing the outstanding balance to Nu. 607.56 million. A detailed summary is provided in **Table 4**.

Table 4: Status of AAR 2021-22

Sl. No.	Categories	Irregularities reported in AAR (Nu.in M)	Total irregularities resolved as on 31/3/25	Balance as on 31/3/25	Percentage of irregularities resolved as on 31/3/25
1	Fraud and Corruption	26.14	10.09	13.50	38.60
2	Non-compliance to Laws, Rules and Regulations	2038.58	1648.32	390.43	80.86
3	Shortfalls, Lapses and Deficiencies	5460.78	5257.72	203.63	96.28
Total		7,525.50	6,916.13	607.56	91.90

3.2.3. Status of AAR 2022-23

Likewise, the total irregularities across all three categories for the FY 2022-23 amounted to Nu. 2,836.50 million. A total of Nu. 2,106.01 million has been resolved as of 31st March 2025, reducing the outstanding balance to Nu. 730.49 million. A detailed summary is provided in **Table 5**.

Table 5: Status of AAR 2022-23

Sl. No.	Categories	Irregularities reported in AAR (Nu.in M)	Total irregularities resolved as on 31/3/25	Balance as on 31/3/25	Percentage of irregularities resolved as on 31/3/25
1	Fraud and Corruption	49.6	43.28	6.32	87.26
2	Non-compliance to Laws, Rules and Regulations	2,230.71	1,573.79	656.92	70.55
3	Shortfalls, Lapses and Deficiencies	556.19	488.94	67.25	87.91
Total		2,836.50	2,106.01	730.49	74.25

In FY 2024-25, the RAA issued a total of 24,240 Audit Clearance Certificates to civil servants, public officials, contractors, and individuals for a range of purposes. The majority were issued to support promotion and career advancement, followed by clearances for training and capacity building, contract extensions, and retirement-related benefits. A smaller portion covered general and other specific needs, such as elections or board appointments. The Audit Clearance Certificate process continues to play a critical role in reinforcing accountability by ensuring that individuals have no unresolved audit issues before accessing institutional privileges or roles.

The Audit Information Management System (AIMS) records direct and supervisory accountability, including citizenship identity numbers, and withholds clearances until issues are resolved. As shown in **Figure 7**, of the 24,240 applications received in FY 2024-25, 22,951 certificates were issued, with 94.68% processed within the two-day turnaround time (TAT), exceeding the 90% target.

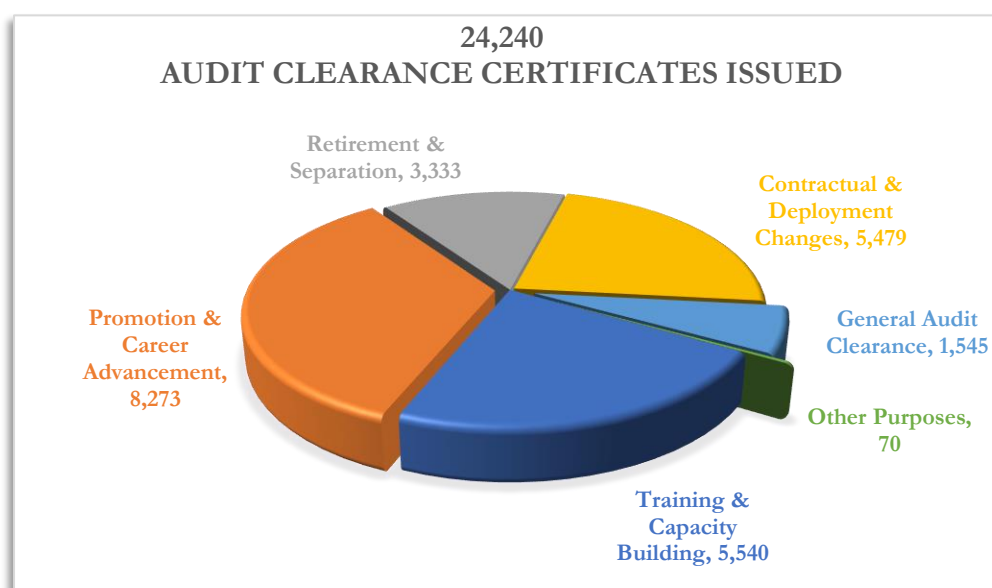


Figure 7: Audit Clearance Certificates issued by categories

3.3. Integration and Consolidation of Financial Statements

Consolidated Audit is an audit approach for auditing the financial statements of a parent agency and its component agencies, which operate separate accounts but remain under its administrative control. Introduced in FY 2020-21, the Consolidated Audit was formalised with guidelines issued in June 2022. The key objectives are:

- To enhance the efficiency of the audit by adopting a focused approach based on the consolidation of branches/divisions/units (components) of audited agencies – rationalisation of audit resources;
- To provide a holistic view on the overall financial outcomes of the consolidated financial statements at the Central/Parent agency level; and
- To promote impactful audits by addressing the issues and recommendations to the Central/Parent agencies or authorities who have the necessary powers and responsibilities to institute corrective actions.

During the year, the RAA conducted 43 consolidated audits covering Dzongkhag Administrations (including Drungkhags and Gewogs), the Royal Bhutan Police across 13 divisions, the Bhutan Olympic Committee with 16 federations (LC account), nine Ministries, National Medical Services and National Hospital Services, and ten Regional Offices under the MoAL and MoENR.

3.4. Enhanced Human Resource Capacity

The RAA continued implementing its HR Strategy 2022, which guides HR development and management. To enhance employee capacity, various trainings were conducted, as shown in **Table 6**. Given the need for auditors to stay updated on agency changes and auditing practices, the RAA provides ongoing training and workshops in line with its Continued Professional Development Policy (CPDP).

Table 6: In-house training conducted at the PDRC

Sl. No.	Training Title	No. of Participants
1	Empowering and Facilitation Training	22
2	Capacity Development on Hydro Power Project Audit Batch I	27
3	Capacity Development on Hydro Power Project Audit Batch II	19
4	Training on Quality Control & Quality Assurance in Cytopathology & Histopathology (Batch II) by MoH	18
5	Quality Assurance Training	17
6	Aims Training Batch I	10
7	Aims Training Batch II	8
8	Performance Audit on SGDs Training	21
9	Internal Audit AIMS System Champion	6

10	Training on Audit Working Papers & AIMS Batch I	19
11	Training on Audit Working Papers & AIMS Batch II	20
12	Workshop on the Development of the Audit Clearance Module and its Features	2
13	IT Audit Training (Data Analytics using Power BI)	18
14	Gender Perspective in Public Sector Auditing	27
15	BAS Training for Bhutan Audit Firms	34

Moreover, to strengthen institutional performance and ensure continued efforts to improve service delivery, the RAA recruited a total of 26 new employees during the FY 2024-25, assigned in both headquarters and regional offices across different divisions and OAAGs. This marks a substantial reinforcement of RAA's human capital base across audit, administrative, and operational functions.

The recruits were onboarded in two main phases: 14 officials joined on 1st July 2024, comprising Auditor II and administrative support staff; and 11 officials on 1st January 2025, primarily Assistant Audit Officers and one Assistant HR Officer. Additionally, one Driver was recruited separately on 1st December 2024.

Also, a total of 26 employees were promoted, 25 under the broadband promotion system and one through meritorious recognition. In support of capacity development, eight employees proceeded on long-term training (LTI). To optimise internal resource allocation, eight staff members were transferred between the headquarters and OAAGs, while five employees were engaged on secondment, contributing their expertise to external agencies.

In line with its commitment to strengthening institutional capacity and ensuring professional readiness, the RAA conducted two Induction Programs for New Recruits (IPNR), each program carried out in two phases: the first at the RAA Headquarters and the second at the Professional Development and Research Centre (PDRC) in Tsirang.

For Batch I (July 2024 recruits), the induction was held from 8 July to 2 August 2024 at the Headquarters and from 5 August to 16 August 2024 at PDRC. For Batch II (January 2025 recruits), the first phase took place from 17 April to 1 May 2025 at the Headquarters, followed by the second phase from 4 May to 30 May 2025 at PDRC.



Figure 8: Oath-taking ceremony for new recruits during YEPCM 2024-25

The annual IPNR program is designed to provide a structured onboarding experience, equipping new employees with essential knowledge and skills in public sector auditing, while also familiarising them with the RAA's mandate, values, and work culture. The IPNR continues to serve as a critical platform for systematically integrating new personnel into the RAA, ensuring they are well-prepared to assume their roles within the public audit system.

Upon completing the IPNR, recruits will participate in a six-month Mentoring Programme led by experienced Team Leaders. This program is designed to transfer knowledge and skills, guiding recruits to become fully qualified auditors/officials.



Figure 9: Year-End Planning and Coordination Meet 2024-25

3.5. Strengthened Performance Management System

The RAA has established a system of strategic planning to guide the long-term delivery of its mandates, with five-year plans aligned to the term of the Auditor General. The SP 2020-2025 was launched at the 17th Annual Audit Conference and outlines the outcomes and outputs to be achieved over the next five years.

To implement the plan, annual OPs are developed based on the strategic plan's matrix and performance framework. The OP 2024-25 was implemented as part of the third SP. Progress is monitored through Quarterly and Mid-term Reviews, along with a Year-End Planning and Coordination Meet. These forums provide platforms to discuss core auditing activities, plan revisions, and related issues, including management and administration matters.

3.5.1. Annual Performance Report 2023-24

The RAA released its third Annual Performance Report 2023-24 to ensure accountability and transparency. The report assesses progress against key indicators and targets from the annual OP 2023-24, a key action plan of the SP 2020-2025. Significant progress was made on strategic priorities, with most planned activities achieved through initiatives such as consolidated audits, the use of technology, and virtual platforms for meetings and training. The RAA achieved 83% of the 29 indicators.

3.5.2. Performance Management System

To enhance quality auditing and reporting, the RAA implemented the Performance Management System (PMS) in FY 2021-22. The annual Performance Compacts for FY 2024-25 were signed during the Year-End Planning and Coordination Meet on June 13, 2025.

In recognition of outstanding audits, the 'Auditor General's Compliance Assurance Award' was conferred upon the best audit reports across the categories of Financial Audit (FA), Compliance Audit (CA), and Performance Audit (PA). However, as no PA reports were issued during the reporting period, the award was conferred only for FA and CA.

In the FA category, the audit report on the Dzongkhag Administration, Samtse, including Drungkhags and Gewogs, was adjudged the best. In the CA category, the award was conferred upon the audit report on the State Trading Corporation of Bhutan Limited, Thimphu. Additionally, Mr. Tshering Ngedup, Senior Audit Officer, was recognised as the 'Best Employee of the Year 2023-2024'.



Figure 10: The AG presented certificates and awards to the best audit reports and the best employee

3.6. Reinforced Integrity

The RAA has established safeguards to ensure high standards of behaviour among its employees and in their interactions with audited entity staff. The ‘Code of Good Conduct, Ethics, and Secrecy’ outlines acceptable conduct, based on 16 principles aligned with the INTOSAI Code of Ethics. All new employees take an oath to adhere to this code throughout their service.

To strengthen ethics and integrity, the Organisational Integrity Plan (OIP) 2024-25 was successfully implemented. However, the annual assessment previously carried out by the ACC to score and evaluate OIP action plans has been discontinued from FY 2024-25 for individual agencies. This change aims to provide agencies with greater flexibility to develop OIPs tailored to their specific mandates and objectives. Nonetheless, RAA has been fully complying with the requirements of ACC in upholding integrity in its conduct.

3.6.1. Cost-Cutting Measures

The RAA remains committed to cost savings through proactive initiatives such as carpooling, remote audits, and prudent expenditure protocols. During the year, the RAA conducted 30 remote audits and 3 hybrid audits, resulting in significant savings. Such efforts highlight the RAA's focus on efficiency and responsible resource management.

3.6.2. Internal Control Systems

The RAA holds a key responsibility in ensuring accountability of public officials and institutions, which also obligates it to demonstrate strong accountability in its own operations. As a public institution funded by Parliament, the RAA must account for the use of public resources to citizens.

In accordance with the Audit Act of Bhutan 2018, the RAA's accounts are subject to an external audit appointed by the parliament, addressing the question, 'Who audits the audit?' For the FY 2024-25, Karma & Associates audited the budget and expenditures, issuing an unqualified (clean) opinion on the financial statements for the year ending 30th June 2024. The auditor's report, along with the Receipts and Payment Statement, was published in the AAR 2024-25.

Additionally, the RAA conducts regular internal audits of its headquarters and four OAAGs. For the financial year end 30th June 2024, the internal audit was conducted from 8th to 31st July 2025. The internal audit teams, appointed by the Audit Committee, comprise members from both headquarters and OAAGs with diverse expertise.

3.7. Leveraged ICT Solutions

Information and Communication Technology (ICT) Strategy implemented by the ICT Task Force aligns with the RAA's SP 2020-2025. It outlines how ICT will enhance auditing tasks by digitalising services to streamline processes and reduce bureaucratic procedures.

ICTS Achievements for the FY 2024-2025

- i. Enhancement of ATR and ATR Reminder Module, Follow-up mechanisms and Audit Observation Management
 - Cash Restitution, Sanctions, and Corrective Actions
 - Excel export for unsettled and settled observations to Excel from the front end

- Excel export option for undertakings verified by Chief-level follow-up focal points
 - Follow-up report extraction to Excel from the front end
 - Option to remove action for supervisory by the chief for the observation having multiple supervisory and multiple direct accountabilities for the same Observation
- ii. Revamp of Audit Clearance
- Online Audit Clearance and Undertaking Audit Clearance through AIMS
 - Verification by the respective follow-up focal for audit clearance through the system
 - Audit Clearance for contractors/consultants, including undertaking audit clearance
- iii. Negative Listing Features in follow-up user role

3.8. Augmented Work Space

The RAA continues to prioritise the provision of adequate workspace and modern facilities to enhance staff morale, productivity, and overall organisational efficiency. During the FY 2024-25, several significant initiatives were undertaken to create a more modern, safe, and conducive work environment.

In a landmark milestone for institutional development, a new office for the Office of the Assistant Auditor General, Phuentsholing, has been successfully constructed, marking a historic achievement in our pursuit of operational excellence. The model G+1 structure, completed within an impressive span of just five months, stands as a testament to our unwavering commitment to both cost-efficiency and timely execution.

Built at a controlled cost of Nu. 11.416 million, the project exemplifies prudent financial stewardship without compromising on quality. The facility boasts upgraded, high-quality furnishings, enhanced sanitation and amenities, and a modern workspace designed to foster productivity and professionalism.

This accomplishment not only strengthens our institutional capacity but also reflects our dedication to creating environments that uphold the values of integrity, accountability, and service excellence.

At the Headquarters and regional offices, the electrical infrastructure underwent comprehensive re-electrification to ensure safety, reliability, and uninterrupted operations. To support a technology-driven workplace, investments were made in critical IT and office infrastructure. This included the acquisition of

networking equipment, IT accessories, and laptops, as well as Cisco routers and switches, aimed at strengthening digital connectivity and operational efficiency.

Office amenities were also upgraded, including the refurbishment of restrooms into modern western-style toilets, enhancing hygiene and usability for staff. In addition, new office furniture, including ergonomically designed Raj Kamal armchairs, was procured to improve staff comfort and workspace functionality.

These combined initiatives reflect the RAA's ongoing commitment to fostering a well-equipped, efficient, and future-ready work environment, aligning with organisational goals of productivity, innovation, and employee well-being.

3.9. Employee Welfare

The Audit Staff Welfare Scheme (ASWS), established in 2001, continues to provide both financial and physical support to its members. During FY 2024-25, ASWS facilitated 13 instances of *Semso* payments and supported six hospitalisations for members facing serious illness. A total of 18 tokens of appreciation were presented to staff transitioning from service. The scheme also extended loans to 61 members, with a maximum loan amount of Nu. 50,000.

Additionally, ASWS contributed to seven religious' activities, including funding the Annual Rimdro at RAA Headquarters and respective OAAGs. These initiatives underscore ASWS's ongoing commitment to the well-being of its members, complemented by social programs organised to promote employee engagement and welfare.

3.10. Reinforced Research and Development

To strengthen research and development and recognise auditors' contributions, the RAA introduced the Best Research Paper Award in FY 2021-22. In the FY 2023-24, 50 papers were shortlisted from 93 submissions for the final vetting, with prizes awarded to the top three. Research papers also contribute 10 points to the auditor's performance evaluations.

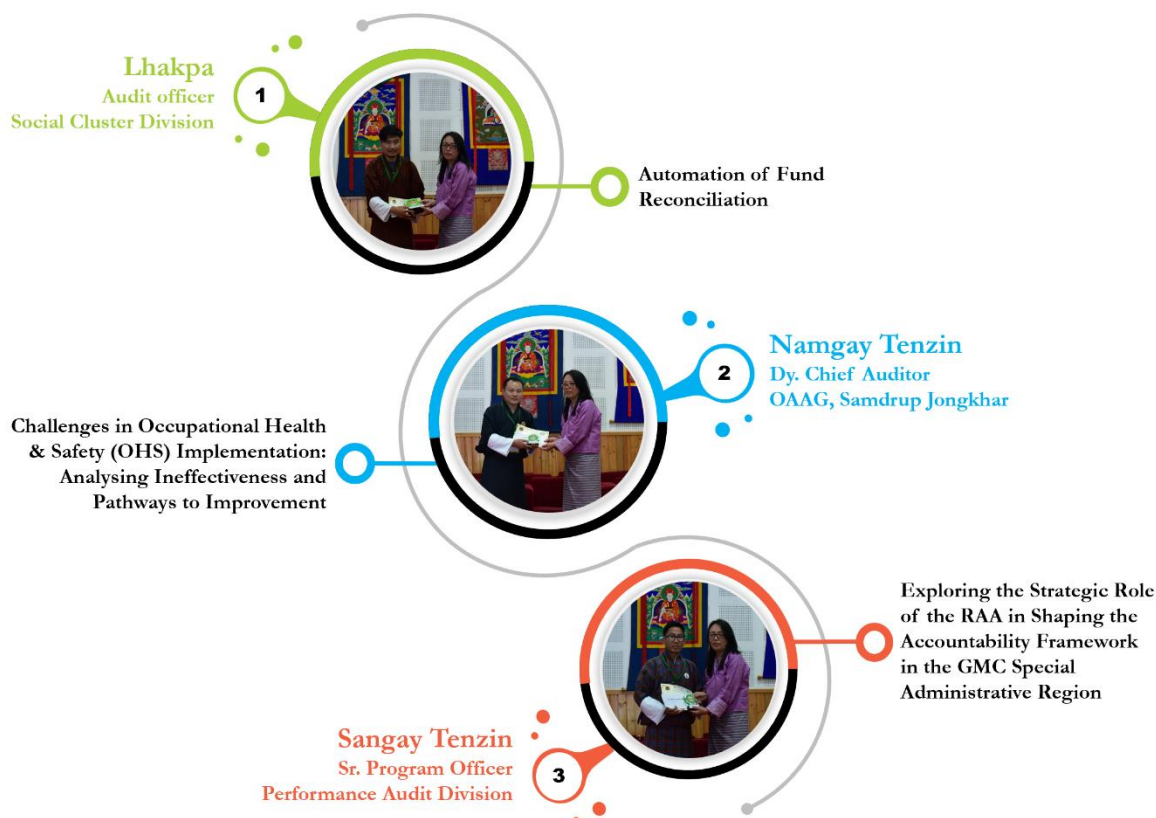


Figure 11: The AG presented certificates and prizes to the authors of the top three research papers after a thorough vetting process

3.11. Scaled-up Communication with Stakeholders

The Stakeholder Engagement Strategy 2018-2023 outlines key stakeholders beyond audited entities and strategies for effective engagement. The RAA recognises that strong, sustained relationships are essential to maximising the impact of its work and fostering synergy toward the shared goal of good governance. This involves collaboration with primary stakeholders, peer and professional organisations, both domestic and international, and the media for audit result dissemination, as well as other parties with an interest in or influence on the RAA's work.

3.11.1. The Parliament

The Parliament is a strategic partner that supports the implementation of audit recommendations, which are reported through the Public Accounts Committee (PAC). In line with Article 25(5) of the Constitution of the Kingdom of Bhutan

and Section 111 of the Audit Act of Bhutan 2018, the RAA submits AAR, Performance Audit reports, and any other reports to the Parliament through the PAC.

During the year, the RAA submitted AAR 2023-24 and one Performance Audit Report to the Parliament for tabling in the joint session. AAR 2023-24 was tabled on the second session of the Fourth Parliament on 10th December 2024 and PA on WASH Facilities and Services in the government schools under Thimphu Thromde on the third session of the Fourth Parliament on 2nd July 2025. The programme was organised to better understand the audit findings and recommendations and to ensure fruitful deliberation in the next session of the Parliament.

The PAC has been instrumental in leading discussions and deliberations on audit reports in the Parliament. The Committee, as mandated, also reviews and reports on the AARs or on any other reports presented by the Auditor General to the Parliament for its consideration. The working relationship between PAC and RAA is as per the Rules of Procedure (RoP) of the Public Accounts Committee 2017.

Additionally, as mandated by the Rules of Procedure of the Public Accounts Committee 2017 and as resolved in the 8th Session of the Third Parliament, Tripartite Consultation Meetings with stakeholders were conducted from 3rd March 2025 to 3rd April 2025 in various Ministries, Dzongkhags and agencies.

3.11.2. Anti-Corruption Commission

a. Bilateral Meeting

The 11th bilateral meeting between the ACC and the RAA was convened on 20th December 2024 at Choesham, ACC headquarters. In keeping with the protocol of mutual assistance and information sharing, the meeting aimed to enhance the progress on joint initiatives, review audit referrals and strengthen corruption deterrence mechanisms.

The ACC Chairperson emphasised the importance of close collaboration and continuous cooperation between the two institutions, noting the meeting as a forum to review past achievements, set future directions, and enhance the use of the information-sharing platform. She also highlighted the significance of the MoU signing. The Auditor General also emphasised the need for bilateral meetings to serve as practical platforms for candid discussions and workable

strategies, while also noting the potential for both institutions' mandates to contribute to the Gelephu Mindfulness City initiative.

Key discussions and decisions:

- **Status of RAA Referrals to ACC:** The meeting reviewed the status of RAA referrals from 2010–2024, including the turnaround time for FY 2023–24. Ten referrals remain pending under ACC investigation, with some nearing completion and others proposed for closure as endorsed by the 13th Working Committee Meeting. It was agreed that Working Committee Meetings should be convened as required rather than restricted to twice annually.
- **Status of ACC Referrals to RAA:** Of 131 complaints since 2010, 120 have been closed, 9 are under review, and 3 are under active consideration. The meeting also endorsed expedited review and closure of pending cases.
- **Data Sharing Platform:** The proposed centralised ACC-RAA Referral System was presented, with discussions leading to the recommendation that the Office of the Attorney General (OAG) be included in the platform. Consultations will be undertaken both at the focal level and in the upcoming tripartite meeting.
- **Finalisation and Signing of the MoU:** Following thorough deliberations, the MoU was revised and finalised. The MoU sets out a framework for cooperation, mutual assistance, and information exchange to facilitate timely detection, reporting, and action on fraud and corruption. It also aims to promote transparent and accountable systems between the two institutions, thereby enhancing public confidence in oversight agencies. The heads of both institutions signed the revised MoU, reaffirming their commitment to enhancing integrity, accountability, and good governance.
- **Agreed to develop a Standard Operating Procedure (SOP)** at the working level to enable rapid response between the institutions and nominate a focal person from the Department of Investigation to lead the SOP development and coordinate follow-up on referred cases.

The meeting concluded with both institutions acknowledging the MoU signing as a renewed foundation for institutional collaboration, while reaffirming their shared commitment to strengthening the ACC-RAA partnership and advancing coordinated efforts to combat corruption and uphold good governance.



b. Tripartite Meeting

The third Tripartite Meeting among the RAA, ACC, and OAG was convened from 6th to 8th March 2025 at Panbang, Zhemgang. Hosted by the OAG, the meeting aimed to strengthen inter-agency coordination and collaboration, review the status of previous resolutions, address operational challenges, and endorse key procedural documents to enhance the enforcement of audit and corruption-related cases. The meeting also underscored professionalism in resolving institutional differences and reaffirmed the shared commitment to trust, accountability, and effective collaboration.

Key Outcomes and Agreements:

- **Status of Previous Resolutions:** A MoU is scheduled to be signed among the RAA, ACC, and OAG on 4 June 2025, in conjunction with the launch of the Referral Platform. The OAG has been entrusted with drafting the MoU to formalise and strengthen inter-agency collaboration.
- **Reconciliation of Restitution Figures:** Challenges in data consistency and enforcement tracking were noted. The RAA will provide a list of pending judgment enforcement cases to the OAG, and the Case Referral System, set to launch on 4 June 2025, is expected to address existing data gaps and improve integration across agencies.
- **SOP on Missing Person:** The meeting endorsed revisions to the SOP, including definitional clarifications and procedural refinements. The SOP is to be formally endorsed on 15 March 2025, followed by a joint press release coordinated by the ACC.
- **Imposition of 24% Penalty:** Section 209 of the CCPC will be invoked to ensure uniform application of the 24% penalty, limited to one year. A formal letter will be issued to propose amendments to the Financial Accountability Manual (FAM), with clarification that recovery of funds does not absolve individuals from criminal liability.
- **Revision of Turnaround Time (TAT):** In light of resource constraints and increasing caseloads, a proposal was made to revise the TAT from 12 to 15 months. The focal team will deliberate and propose a revised timeframe, not exceeding 18 months, in the next meeting.
- **Referral of Cases and Discrepancy in Amounts:** To ensure consistency in prosecution, the ACC will consolidate financial figures with the RAA before forwarding cases to the OAG. The RAA will issue a confirmation letter

affirming the consolidated amount. The possibility of conducting an advocacy program with the Judiciary was also discussed.

- **Launch of Data Sharing Platform:** A centralised data-sharing platform will be officially launched on 4 June 2025 to facilitate real-time information exchange among the three agencies. The OAG has agreed to participate and has appointed a focal person for the initiative.
- **Audit Clearance for Terminated Employees:** Concerns regarding audit clearance for terminated individuals were clarified. The RAA affirmed that such clearances are issued based on specific indicators and do not warrant systemic changes, categorising the matter as an internal HR issue.
- **Any Other Business:** The meeting deliberated on restitution in cases involving deceased defendants and concluded that such claims lapse with the individual. Court-ordered judgments will be implemented as directed.

The SOP on Missing Persons was formally adopted by the three agencies on 15 March 2025, followed by a joint press release coordinated by the ACC. Additionally, a formal letter recommending amendments to the Finance and Accounting Manual regarding the 24% penalty was jointly signed and submitted to the Ministry of Finance.



Figure 12: Adoption of SoP by RAA, OAG & ACC

The Third Tripartite Meeting marked a pivotal step in institutional synergy among the three agencies, anchored by a shared understanding of the need for improved coordination, data integration, and procedural clarity. The resolutions adopted reflect a collective commitment to strengthening institutional efficiency, accountability, and responsiveness in addressing audit and corruption-related matters. The launch of the Referral Platform and data-sharing system, along with the endorsement of key documents, represents a significant move toward more streamlined and collaborative enforcement processes.

c. Working Committee Meeting

The 14th Working Committee Meeting between the ACC and the RAA was held on 13th May 2025 at the RAA's conference hall. The meeting served as a platform to review the status of audit referrals exchanged between the two agencies, address pending cases, and propose closures where appropriate. It also covered updates on the implementation of the "Missing of Persons" SOP, measures to improve the joint data-sharing platform, and actions to strengthen coordination in enforcement and accountability processes.

Key Highlights:

- RAA Referral Cases (2010-2025): Reviewed 46 referrals - 3 unassigned, 8 under investigation, and 34 pending with the OAG or awaiting judgment enforcement. Ten cases were proposed for closure and endorsed for tabling in the next bilateral meeting. The SOP for "Missing of Person" cases was also discussed, with a stakeholder meeting planned for June 2025.
- ACC Referral Cases (2020-2025): Of 63 cases received by the RAA, 53 have been closed, and 10 remain under review or proposed for closure. These include matters involving local governments, public officials, and sports associations. Clearance for one ongoing investigation was agreed to be withheld, and unresolved matters will be addressed in upcoming audits.
- Proposals for Closure: Certain cases were recommended for closure due to cessation of operations, absence of actionable findings, or completion of administrative actions.

Other discussions during the meeting focused on clarifying unresolved accountabilities in previously closed cases to eliminate any ambiguities. Additionally, efforts were emphasised on enhancing the data-sharing system to incorporate the names of alleged individuals for improved transparency. It was also agreed that the Royal Audit Authority (RAA) should be promptly informed whenever recovered amounts are deposited into escrow accounts. Furthermore, referrals that require verification of bank accounts are to be forwarded to the relevant authorities for necessary action.

The joint ACC-RAA data-sharing platform will be launched on 4th June 2025, and the next bilateral meeting is scheduled for 20th August 2025.

The meeting reaffirmed both agencies' commitment to timely case resolution, improved data sharing, and enhanced accountability mechanisms.

3.11.3. Media

The RAA recognises the media as a vital external stakeholder in enhancing public awareness of its mandate, operations, and impact. To promote transparency and accessibility, the RAA actively engages the media through regular briefings on major publications, including the Annual Audit Report (AAR) and performance audit reports. These are complemented by press releases and the dissemination of reports via the RAA website and social media platforms, ensuring broader outreach and informed public discourse.

During the FY 2024-25, the RAA received considerable media attention, with 26 news articles published in prominent national outlets, including Kuensel, BBS, and Bhutan Today, more than double the coverage from the previous year. The news covered diverse themes, ranging from financial irregularities and infrastructure lapses to systemic governance issues. This increased visibility reflects growing public interest in accountability and highlights RAA's expanding role in informing public discourse and promoting institutional improvements.

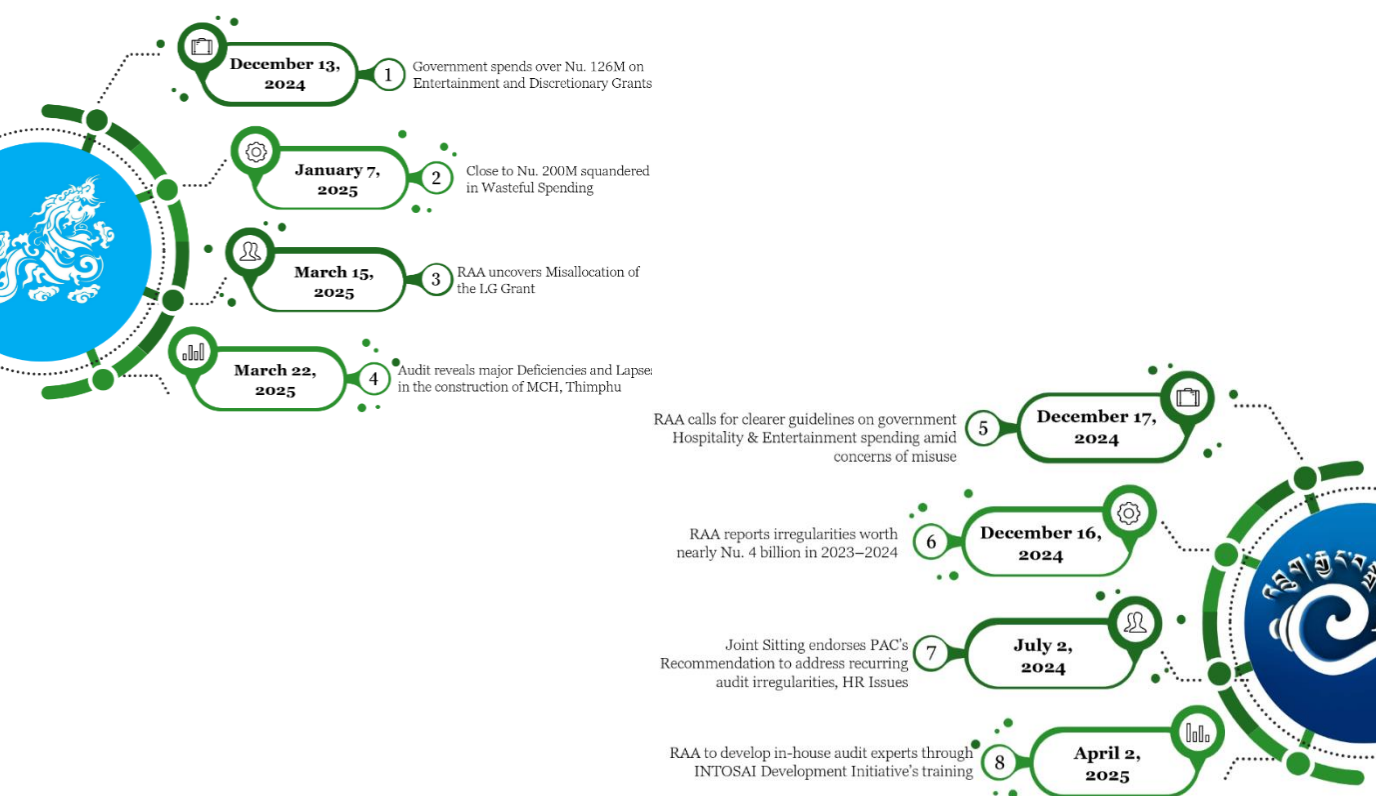


Figure 13: Timeline of significant news coverage

3.12. Increased Awareness of Audit and Accountability System

RAA conducted audit advocacy and awareness programs to educate stakeholders on accountability in governance and common audit issues. These initiatives promote transparency, integrity, and ethical conduct among those in positions of responsibility.

3.12.1. Executive Forum on Internal Controls and Irregularities

To enhance executive-level understanding of internal control mechanisms and address recurring audit issues, the RAA organised a two-hour Executive Forum titled “Internal Controls and Irregularities: From the Perspective of Executives”. The forum aimed to raise awareness among senior leadership about the significance of internal controls in preventing irregularities and promoting sound governance practices.

Two sessions of the forum were conducted on 19 and 26 May 2025 at the RAA Conference Hall, Thimphu, with a total of 66 executive-level officials attending the forum, 43 on 19 May and 23 on 26 May. The forum comprised a 45-minute presentation followed by a 75-minute moderated discussion, focusing on the role of internal controls in mitigating frequently observed audit irregularities across agencies.

During the sessions, the Auditor General took the opportunity to provide broader awareness on accountability and governance beyond the immediate topic of internal controls. He highlighted the encouraging trend of a gradual decline in irregularities over recent years, while emphasising the need to accelerate progress toward the goal of near-zero irregularities by the end of the 13th Five-Year Plan. The AG stressed that improving executives’ understanding of internal controls is critical in sustaining this positive trajectory and strengthening institutional compliance.

The forum received positive feedback from participants, thus reflecting the RAA’s commitment to equipping public sector executives with the knowledge necessary to enhance governance standards and reduce irregularities across agencies.

3.12.2. Integrity Clubs

In line with its strategic focus on strengthening public awareness of audit and accountability systems, the RAA carried out targeted advocacy programmes across several colleges under the Royal University of Bhutan (RUB) during the

FY 2024–25. These programmes were conducted by the respective divisions and regional offices based on their jurisdictional coverage. The advocacy sessions, held between April and May 2025, were part of the RAA's broader collaboration with RUB, aimed at engaging members of the Integrity Clubs established in the colleges. The sessions also attracted participation from final-year students, further widening the outreach and impact of the initiative.

These initiatives stem from the engagement framework formalised through the Memorandum of Understanding (MoU) signed between the RAA and RUB, which aims to institutionalise Integrity Clubs across RUB colleges. The collaboration seeks to foster a culture of ethical governance by promoting the core values of integrity, accountability, transparency, and professionalism among students. In addition to routine advocacy, the RAA has supported RUB institutions in integrating accountability values within student communities. Some Integrity Clubs have gone beyond awareness sessions, initiating small-scale projects that contribute meaningfully to ethical discourse and civic responsibility within their academic environments.

Overall, the initiative reflects the RAA's continued commitment to leveraging higher education platforms to broaden civic understanding of good governance and strengthen the accountability ecosystem at the grassroots level.

3.12.3. Supreme Audit Institutions and Professional Bodies

The RAA actively engages with international and regional organisations to enhance capacity development and facilitate experience sharing, notably as a member of INTOSAI and ASOSAI. Key collaborations during the year included:

1. Resource Persons for Capacity Development

One official served as a resource person at the Sub-Regional Audit Planning Meeting under the ASOSAI Capacity Development Program, focusing on "Dealing with Fraud and Corruption in Auditing." The event was held in Ukulhas, Maldives. The host organisation expressed appreciation for the official's expert guidance and valuable insights, which significantly contributed to the success of the meeting.

2. Participation in INTOSAI/ASOSAI Working Groups

To support the continuous professional development of its officials, the RAA actively participates in a variety of key regional and international workshops, seminars, and training programs. These engagements aim to enhance technical

expertise, strengthen audit methodologies, and support effective governance in line with global standards. Participation in these capacity-building activities ensures that RAA officials remain well-equipped to address emerging challenges and uphold the highest standards of public sector auditing (see **Table 7**).

Table 7: List of Trainings/Workshops/Webinars

Sl. No.	Course	Country/Institute	No. of Participants
1	ASOSAI Regional Hands-on Workshop for the application of the Climate Scanner	iCED, Jaipur, India	2
2	8 th Meeting of INTOSAI Working Group on Big Data	Hanoi, Vietnam	2
3	16 th ASOSAI Assembly	New Delhi, India	4
4	Global Training Facility of the INTOSAI WGEA for the International Workshop on Biodiversity with special reference to forest resources	iCED, Jaipur, India	2
5	INTOSAI WGEI Global Training Facility course on "Audit of Extractive Industries"	iCED, Jaipur, India	1
6	ASOSAI's Sub-Regional Audit Planning Meeting	Bangkok, Thailand	2
7	Delivery of learning on the system and Audit Quality Management organised by IDI	Kathmandu, Nepal	3
8	Leadership Forum 2, organised by IDI	Bangkok,	2
9	10 th ASSOSAI Seminar on Environmental Auditing and 10 th Working Meeting of ASOSAI WGEA	Thailand	2
10	ASOSAI Seminar on "Audit on Public Debt"	Jogjakarta, Indonesia	1
11	ISSAI 140 (SoAQM) organised by IDI	Nanjing, China	2
12	Audit Follow-Up for impact organised by IDI & ADB	Bangkok, Thailand	1
13	System Leadership Programme with Sustainability, organised by IDI & ADB	Bangkok, Thailand	2
14	To attend the inaugural meeting of the INTOSAI Working Group on Follow-up Audit (WGFA)	Penang, Malaysia	2
15	Masterclass in leading Global Context, IDI	Madrid, Spain	1

