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ROYAL AUDIT AUTHORITY

# ANNUAL AUDIT REPORT 2024-2025

VOLUME - I

MAIN REPORT

REPORTING ON ECONOMY, EFFICIENCY & EFFECTIVENESS IN THE USE OF PUBLIC RESOURCE

There shall be a Royal Audit Authority to audit and report on the economy, efficiency, and effectiveness in the use of public resources."

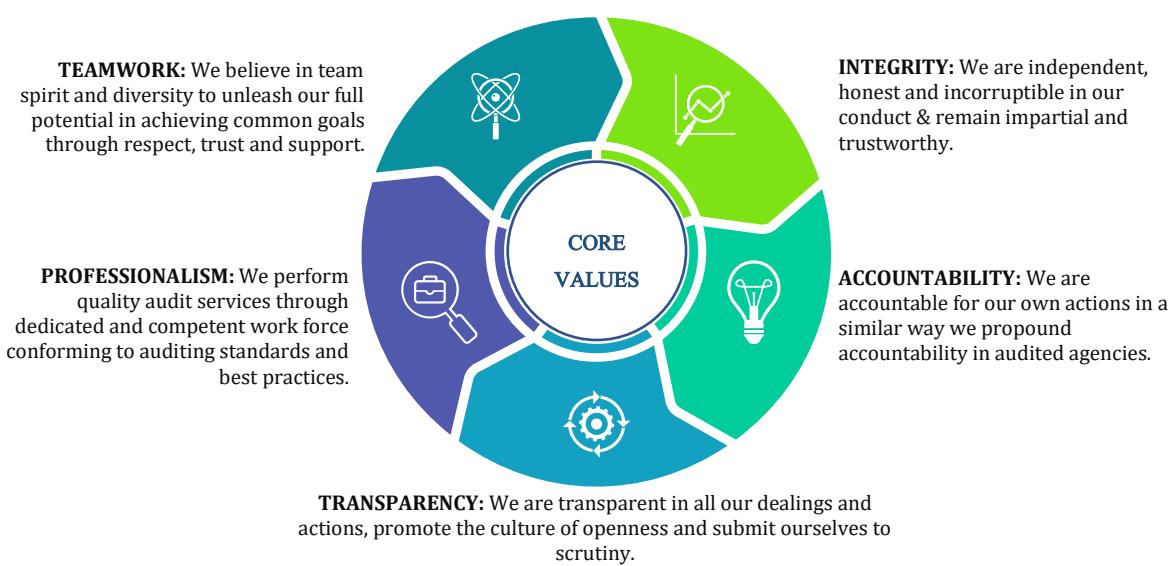
(Article 25, *The Constitution of The Kingdom of Bhutan*)

## 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.

## 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.



## AUDIT JURISDICTION

- Ministries, Departments, Divisions, Units, Dzongkhags, Gewogs, Thromdes, autonomous bodies, foreign-assisted or special projects
- Zhung Dratshang, Rabdeys and all related institution
- Judiciary and Judicial Bodies, Legislature and related institutions
- Constitutional bodies
- Defense and Security Services
- Political parties
- All corporations, financial institutions including the Central Bank and their subsidiaries.
- Any Entity or Activity upon command of the Druk Gyalpo
- All entities including non-governmental organisations, trusts, charities and civil societies fully or partly funded by the government; whose loans approved or guaranteed by the government; and
- Any entity whether private or public engaged in extracting, processing, trading and mining of natural resources of the state.

Notwithstanding the provisions of any laws relating to the accounts and audit of any public authority, the Parliament, by resolution may direct that the accounts of such entities be audited by the Authority.

(Section 91 of Audit Act 2018)



## ANNUAL AUDIT REPORT 2024-25

*(IN FULFILLING THE CONSTITUTIONAL RESPONSIBILITY)*

ROYAL AUDIT AUTHORITY

## ACRONYM

AAR	: Annual Audit Report
ACC	: Anti-Corruption Commission
ACCA	: Association of Chartered Certified Accountants
ADB	: Asian Development Bank
AFS	: Annual Financial Statements
AIMS	: Audit Information Management Systems
ASOSAI	: Asian Organisation of Supreme Audit Institutions
BoQ	: Bill of Quantities
CAG	: Comptroller and Auditor General
CD	: Current Deposit
CFS	: Cluster Finance Service
CPA	: Certified Professional Audit
CSOA	: Civil Society Organisations Authority
CSOs	: Civil Society Organisations
CSWS	: Civil Service Welfare Scheme
ePEMS	: Electronic Public Expenditure Management System
FAM	: Finance and Accounting Manual
FRR	: Financial Rules and Regulations
FY	: Financial Year
GC	: Gewog Centre Roads
GEF	: Global Environment Facility
GIMS	: Government Inventory Management System
GIS	: Group Insurance Scheme
GMC	: Gelephu Mindfulness City
HDPE	: High-Density Polyethene Pipes
HR	: Human Resource
IA&AS	: Indian Audit and Accounts Service
IDI	: INTOSAI Development Initiative
INTOSAI	: International Organisation of Supreme Audit Institutions
MIS	: Management Information System
NGOs	: Non-Government Organisations
OAAG	: Office of the Assistant Auditor General
PRR	: Procurement Rules and Regulations
PW	: Public Work Advances
RAA	: Royal Audit Authority
RCSC	: Royal Civil Service Commission
RGoB	: Royal Government of Bhutan
ROs	: Religious Organisations
RRCO	: Regional Revenue and Customs Office
RRM	: Random Rubble Masonry
RWSS	: Rural Water Supply Scheme
SAIs	: Supreme Audit Institutions
SBD	: Standard Bidding Documents
SoAQM	: System of Audit Quality Management
SOP	: Standard Operating Procedure
TDS	: Tax Deducted at source
TRUST	: Tripartite Real-time Update Sharing Terminal

# ରୂପ୍ୟଶକ୍ତିନ୍ଦ୍ରିୟବନ୍ଦନାର୍ଥୀ

## ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



### FOREWORD

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 Royal Audit Authority (RAA) is pleased to present the Annual Audit Report for the Financial Year (FY) 2024-25 to His Majesty The Druk Gyalpo, the Parliament, the Royal Government and the people of Bhutan.

The AAR is a consolidated summary of audit findings drawn from 214 audit reports out of 533 audit reports issued from 1 July 2024 to 30 June 2025. It is issued in two volumes. **Volume I** contain the Executive Summary, the audited Annual Financial Statements (AFS) of the Royal Government of Bhutan for the year ended 30 June 2025, a summary of significant audit findings, key recommendations and performance highlights of the RAA for the year. **Volume II** provides the status of irregularities reported during the FY. Together, these volumes aim to provide a comprehensive account of how public resources have been managed, highlight areas of concern and offer recommendations for strengthening accountability and governance in public agencies.

The report also documents the milestones and achievements of the RAA during the FY, the challenges in delivering our constitutional mandates, the impacts attributable to our audit results, as well as the Auditor's Report on the accounts and operations of the RAA for the year ended 30 June 2025. This reflects our commitment to transparency and accountability in the process of the resources entrusted to us to deliver our mandates.

The RAA continued to pursue all three disciplines of audits during the year; the financial, compliance and performance audits. This report summarises critical findings under two main categories: Fraud and Errors. Under each category, irregularities are further classified into seven functional or operational areas to render ability to pinpoint issues to specific operational/functional areas and identify causes to recommend appropriate corrective measures. The irregularities that presented prima facie evidence of fraudulent intent based on RAA's assessment are categorized under '**Fraud**' and other irregularities as '**Errors**'.

While the persistent trend of aggregated irregularities appears to be alarming, it is significantly skewed in that a significant portion, constituting 78% pertains to PHPA-II. Although the trend is distorted due to this, the fact that the existence of significant irregularities in a particular agency point to potential systemic deficiencies that need to be addressed. However, it brings some degree of comfort that rest of the agencies have demonstrated improvements basically due to three-pronged strategies of reinforcing accountability pursued by RAA in restitutions, sanctions and corrective measures based on observed irregularities in the past years.

The RAA remains steadfast in its commitment to uphold independence, professionalism and embrace international best practices in public sector auditing, guided by the principles of the International Organisation of Supreme Audit Institutions (INTOSAI) to focus on producing high-quality audit reports and recommendations. We are continuously investing in our human resources, audit methodologies and digital transformation to ensure our work remains relevant, responsive and impactful. The 13<sup>th</sup> Five-Year Plan, as well as the draft Strategic Plan 2025-2030, recognise leveraging IT skills and knowledge for conducting audits as strategic areas, focusing on capacity building of auditors in IT audit, provision of required infrastructures, platforms and tools.

Post COVID-19 period posed significant challenges of high employee attrition, pushing the organisation to the brink of failing to deliver its mandates. With appropriate strategies, we demonstrated resilience and a unified spirit that the audit coverage and the quality of financial and compliance audit were not compromised. Performance audits were greatly impacted by being a small unit in terms of frequency and the number of topics covered, with the separation of employees. However, we are now fully staffed and poised to make up for the past shortfalls.

I hope that the recommendations suggested would persuade appropriate actions of those to whom these are directed, and drive improvements in terms of enforcing accountability in the operations of the public sector.

I extend my sincere appreciation to the management and staff of the audited agencies for their cooperation, and to the auditors and supporting staff of the RAA for their dedication and integrity. I also wish to acknowledge the trust and support of the Parliament, the Royal Government and the people of Bhutan, which continues to strengthen our resolve in delivering the constitutional mandates.

The RAA reaffirms its unwavering loyalty to the Tsa-Wa-Sum and our sacred duty to safeguard public resources, enhance accountability and contribute meaningfully to the sustainable and inclusive development of our beloved Kingdom.



(Tashi)  
**Auditor General of Bhutan**

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## 1. EXECUTIVE SUMMARY

The Annual Audit Report (AAR) 2024-25 presents the audited Annual Financial Statements (AFS) of the Royal Government of Bhutan (RGoB) for Financial Year (FY) 2024-25, along with key audit findings, systemic issues and strategic recommendations for improving public financial management and accountability.

### Government Budget Overview

The approved national budget for FY 2024-25 was Nu. 89,051.17 million, later revised to Nu. 97,063.73 million, financed through:

- 63.41% domestic revenue,
- 20.04% grants,
- 14.31% net borrowings, and
- 2.24% other receipts.

To finance expenditures, the RGoB resorted to net internal borrowings of Nu. 3,548.860 million and external borrowings of Nu. 7,438.131 million. Total grants received amounted to Nu. 17,272.570 million (Nu. 16.761.819 million in cash and Nu. 510.751 million in kind).

### Audit Coverage and Findings

During the year, the RAA issued 533 audit reports, including 319 nil reports. The AAR 2024-25 is based on 214 reports that recorded irregularities amounting to Nu. 9,987.242 million, of which 94.84% pertained to non-budgetary<sup>1</sup> agencies and 5.16% pertained to budgetary<sup>2</sup> agencies. The irregularities for budgetary and non-budgetary agencies for Fraud and Errors are indicated in **Figure 1**.

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<sup>1</sup> Non-Budgetary agencies include Corporations and Financial Institutions, State Owned Enterprises, Non-Governmental Organizations, Civil Society Organizations, and Hydropower Projects.

<sup>2</sup> Budgetary agencies are Government organizations including Ministries and Agencies for which annual budgets are included in the appropriation bill and appropriations are made by the National Assembly.

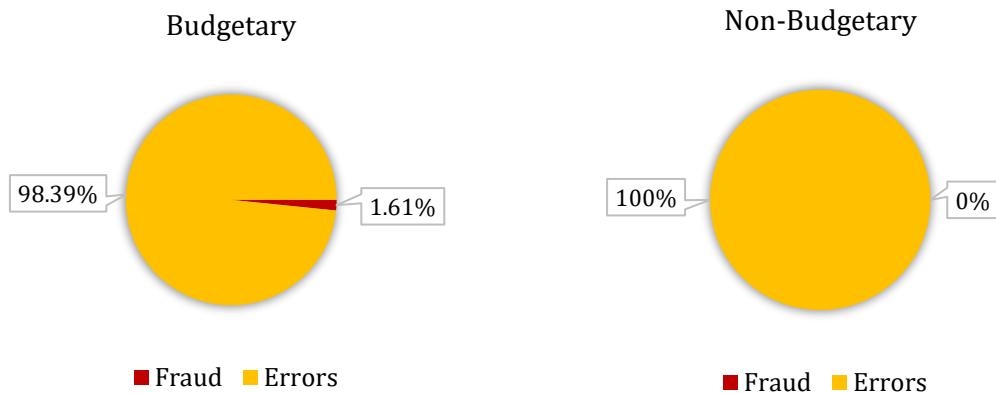


Figure 1: Irregularities under Budgetary and Non-Budgetary by Fraud and Error

While audit coverage increased (533 reports compared to 525 in the previous year), the value of irregularities also rose to Nu. 9,987.242 million up from Nu. 3,961.136 million last year.

### Nature of Irregularities

The RAA has revised its observation categorisation and are broadly classified into two broad categories: '**Fraud**' and '**Errors**'. Under each category, irregularities are further classified into seven functional or operational areas to render ability to pinpoint issues to specific operational/functional areas and identify causes to recommend appropriate corrective measures. The irregularities that presented *prima facie* evidence of fraudulent intent based on RAA's assessment are categorized under '**Fraud**' and other irregularities as '**Errors**'.

1. Fraud: Nu. 8.375 million, largely attributed to:
  - Centenary Farmers Market, Department of Agricultural Marketing and Cooperatives, Ministry of Agriculture and Livestock (MoAL) - Nu. 8.104 million (96.77%)
  - Dzongkhag Administration, Trongsa, including Gewogs - Nu. 0.100 million (1.19%)
2. Errors: Nu. 9,978.867 million, mainly from:
  - Punatsangchhu Hydroelectric Project Authority (PHPA)-II - Nu. 7,789.653 million (78.06%)

- Food Corporation of Bhutan Limited (FCBL) -Nu. 654.202 million (6.56%)

## **Audit Recoveries**

A total of Nu. 184.458 million was recovered during the year, with notable recoveries including:

- Nu. 6.325 million directly refunded to Asian Development Bank (ADB)
- Nu. 2.829 million adjusted from Running Bills

## **Recommendations**

Based on the nature of issues and its possible causes, the RAA has developed a total of 10 recommendations aimed at prompting the agencies and authorities to initiate corrective actions to remedy the problems and enhance overall governance of the public financial management system. The gist of the recommendations is highlighted below:

- i. Need to regulate External Funding Received by CSOs, NGOs and Other Agencies
- ii. MoF should monitor compliance in enforcing termination and recovery clauses for fundamental breach of contract
- iii. The government may consider incorporating specific clauses on applicable interest for delayed recoveries/adjustments from parties engaged in hydropower projects
- iv. MoF should reinforce its strategies to achieve full operationalisation of GIMS
- v. Need for reinforcing control mechanisms to regulate payment of salaries, allowances, benefits and other entitlements
- vi. MoF should review the current practice of Closed Work Account and regulate its compliance for better control and accountability
- vii. MoF should ensure robust monitoring controls to oversee compliance with activities executed as Deposit Works
- viii. MoF should review and streamline the process of collecting the Rebate on the procurement of Cement and HDPE Pipes
- ix. MoF should scale up the digitisation of financial records across all budgetary agencies

- x. The government should view fair compensation for public servants  
Breaking the Cycle of Audit Irregularities through Public Sector Salary Reform

The RAA believes that a reinforced and scaled-up accountability mechanism would further boost transparency, public trust, and confidence in the operations of the Bhutanese Public Sector. The RAA seeks cooperation, collaborations and value-added partnerships with all stakeholders in building a society that upholds principles of good governance and meets the societal aspirations of Gross National Happiness.

## 2. ANNUAL FINANCIAL STATEMENTS OF THE ROYAL GOVERNMENT OF BHUTAN

The AAR 2024-25 contains audited Annual Consolidated Financial Statements of the Royal Government of Bhutan (RGoB), analyses of audit findings and recommendations.

The approved budget of the RGoB for FY 2024-25 was Nu. 89,051.173 million, which was revised to Nu. 97,063.725 million. The sources of the revised government budget comprised Nu. 62,208.380 million (63.41%) from domestic revenue, Nu. 17,272.570 million (20.04 %) from grants, Nu. 13,893.397 million (14.31%) from net borrowings and 2.24% from other receipts. The RGoB resorted to internal borrowings amounting to Nu. 3,548.860 million to finance its expenses besides external borrowings of Nu. 7,438.131 million. Total grants received during the year amounted to Nu. 17,272.570 million comprising Nu. 16,761.819 million in cash and Nu. 510.751 million in kind.

The total expenditure recorded for the year amounted to Nu. 89,466.86 million, resulting in overall underutilisation of the revised budget by 7.83%. During the period, there was under-absorption of the capital budget by 12.24% and the current budget by 3.37%.

The RAA reported one observation in the audit of the AFS of the Government, as highlighted below:

### **1) Non-implementation of Financial Documentation (FinDoc) by budgetary agencies**

The RAA noted that although the FinDoc system was mandated for implementation across all budgetary bodies, it has so far been adopted only by Cluster Finance Services. Non-adoption by other agencies appears to stem from technical and operational challenges such as storage constraints, integration with e-PEMS, and duplication of effort. Considering the investment made in its development and training, the Ministry of Finance should assess the feasibility of broader adoption. A phased implementation plan addressing technical issues and system integration is recommended to ensure consistent, efficient, and cost-effective use of FinDoc across the public sector.

The Auditor General's Report on the AFS and audited Financial Statements is reproduced herewith.



## 2.1 Certificate of Annual Financial Statements



### AUDITOR GENERAL'S REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE ROYAL GOVERNMENT OF BHUTAN FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2025

#### Opinion

The Royal Audit Authority (RAA) audited the accompanying consolidated Annual Financial Statements of the Royal Government of Bhutan (RGoB), which comprise,

- i. The consolidated Statement of Cash Receipts and Payments for the year ended 30<sup>th</sup> June 2025,
- ii. The consolidated Statement of Comparison of Budget & Actual amounts for the year ended 30<sup>th</sup> June 2025, and
- iii. Notes to the Financial Statements, including Significant Accounting Policies.

In RAA's opinion, the accompanying Consolidated Financial Statements, including Notes to Accounts and Significant Accounting Policies, present fairly, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS).

#### Basis for Opinion

The RAA conducted its audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Ministry of Finance, and we have fulfilled our responsibilities in accordance with the requirements outlined in the RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

*"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*

### **Emphasis of Matter paragraph**

We draw attention to Notes 4.3, 14, and 15 of the financial statements, which describe significant restatements and adjustments of prior year figures and expenditure reporting:

- The Government of India borrowing of Nu. 10,000.00 million, of which Nu. 4,300.00 million was disbursed off-budget to the agency, was formalised in FY 2024–25 as a capital transfer. Accordingly, the prior period figures for FY 2023–24 were restated, resulting in the revision of external borrowings from Nu. 16,000.199 million to Nu. 20,300.199 million and capital expenditures from Nu. 26,197.297 million to Nu. 30,497.297 million.
- The overdraft balance of Nu. 379.309 million with the Bank of Bhutan, previously netted off against the cash balance, was reclassified as internal borrowing. Consequently, the closing cash balance of FY 2023–24 was restated from a negative balance of Nu. 352.567 million to a positive balance of Nu. 26.743 million.
- The current expenditure reported in ePEMS for FY 2024–25 amounted to Nu. 45,858.956 million after accounting for a prior year expenditure correction of Nu. 13.305 million. This correction resulted in the understatement of current expenditure, and the adjustment was added back to present and report the correct current expenditure of Nu. 45,872.261 million.
- The capital expenditure reported in ePEMS for FY 2024–25 amounted to Nu. 43,434.536 million after accounting for a prior year expenditure correction of Nu. 84.909 million. This correction resulted in the understatement of capital expenditure, and the adjustment was added back to present and report the correct capital expenditure of Nu. 43,519.445 million.

Our opinion is not modified in respect of this matter.

### **Other Matter**

As per the information made available by the MoF, there are 561 LC and PLC Accounts during the period under audit. The total 561 LCs & PLCs accounts include 205 Gewog LCs, which were consolidated with the Dzongkhag LC for auditing purposes, resulting in 356 LCs & PLCs included for the Consolidated Annual Financial Statements of RGoB. As of 17<sup>th</sup> September 2025, the RAA

audited 6.74% (12 LCs accounts, 8 PLC, 3 FIC and 1 CD) of the total of 356 accounts for the Financial Year ended 30<sup>th</sup> June 2025. For the remaining Accounts, the RAA verified the year-ended accounts generated from the ePEMS and relied on the controls instituted by the MoF.

### **Responsibility of the Ministry of Finance for the Consolidated Financial Statements**

The Ministry of Finance (MoF) is responsible for the preparation of the Consolidated Annual Financial Statements in accordance with the Cash Basis International Public Sector Accounting Standards and for such internal controls as MoF determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

### **RAA's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit and in accordance with ISSAIs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the MoF's internal control.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statement

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit

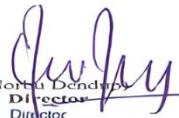


(Tashi)  
**Auditor General of Bhutan**

**Date:** 19/09/2025

**CONSOLIDATED STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE  
YEAR ENDED 30<sup>TH</sup> JUNE 2025**

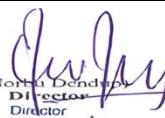
PARTICULARS	Notes	2024-25	2023-24	
			Re-stated	Reported
<b>TOTAL RECEIPTS FROM TAXATION</b>	<b>8</b>	<b>43,982.70</b>	<b>34,993.28</b>	<b>35,037.73</b>
<i>Direct taxes</i>		21,253.24	17,176.20	17,776.45
<i>Indirect taxes</i>		13,210.90	10,432.20	10,340.84
<i>Other taxes</i>		9,518.56	7,384.88	6,920.45
<b>NON-TAX REVENUE</b>	<b>9</b>	<b>18,225.68</b>	<b>21,021.18</b>	<b>20,976.73</b>
<b>GRANTS AND LOANS RECEIVED</b>		<b>27,600.71</b>	<b>25,339.99</b>	<b>20,660.68</b>
<i>External grants received in cash</i>	<i>10</i>	16,761.82	10,232.51	10,232.51
<i>Cash receipts from external borrowings</i>	<i>11.1</i>	7,290.04	18,723.46	14,423.46
<i>Receipts from internal borrowings</i>	<i>11.2</i>	3,548.86	(3,615.98)	(3,995.29)
<b>RECOVERY OF LOANS</b>	<b>12</b>	<b>4,481.95</b>	<b>4,269.41</b>	<b>4,269.41</b>
<b>OTHER RECEIPTS</b>	<b>13</b>	<b>1,985.26</b>	<b>3,565.11</b>	<b>3,565.11</b>
<b>TOTAL RECEIPTS IN THE YEAR</b>		<b>96,276.31</b>	<b>89,188.97</b>	<b>84,509.66</b>
<hr/>				
<b>TOTAL CURRENT EXPENDITURE</b>	<b>14</b>	<b>45,872.26</b>	<b>43,424.60</b>	<b>43,424.60</b>
<i>Operations</i>		43,743.51	41,448.99	41,448.99
<i>Domestic Grants and Transfers</i>		1,916.32	1,863.74	1,863.74
<i>Remittances to external parties</i>		212.44	111.88	111.88
<b>TOTAL CAPITAL EXPENDITURE (CASH)</b>	<b>15</b>	<b>42,860.60</b>	<b>30,497.30</b>	<b>26,197.30</b>
<b>ON-LENDING</b>	<b>16</b>	<b>995.00</b>	-	-
<b>TOTAL LOAN REPAYMENT</b>	<b>17</b>	<b>6,448.68</b>	<b>14,878.92</b>	<b>9,941.92</b>
<b>ADVANCE AND SUSPENSE</b>	<b>18</b>	<b>75.16</b>	<b>403.35</b>	<b>403.35</b>
<b>TOTAL PAYMENTS IN THE YEAR</b>		<b>96,251.70</b>	<b>89,204.17</b>	<b>79,967.17</b>
Increase/(Decrease) in Cash		24.61	(15.20)	4,542.49
Cash at the beginning of the year		26.74	41.95	(4,895.05)
Cash at the end of the year		<b>51.35</b>	<b>26.74</b>	<b>(352.57)</b>

  
 Noman Daudpota  
 Director  
 Director  
 Department of Treasury & Accounts  
 Ministry of Finance

  
 Deputy Auditor General  
 Department of Performance &  
 Compliance Audit  
 Royal Audit Authority

**CONSOLIDATED STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2025**

Particulars	Notes	Original Budget	Revised Budget	Actuals	Variance <sup>3</sup>
<b>RECEIPTS</b>					
<b>TOTAL RECEIPTS FROM DOMESTIC REVENUE</b>		<b>54,749.94</b>	<b>61,545.44</b>	<b>62,208.38</b>	<b>662.94</b>
Tax	8	39,246.35	40,373.57	43,982.70	3,609.13
Non-Tax Revenue	9	15,503.60	21,171.87	18,225.68	(2,946.19)
<b>GRANTS AND LOANS RECEIVED</b>		<b>36,788.54</b>	<b>37,629.74</b>	<b>27,600.71</b>	<b>(10,029.03)</b>
External grants received in cash	10	16,521.62	19,451.21	16,761.82	(2,689.40)
Cash receipts from external borrowings	11.1	9,113.58	16,711.93	7,290.04	(9,421.89)
Cash receipts from internal borrowings	11.2	11,153.34	1,466.60	3,548.86	2,082.26
<b>RECOVERY OF LOANS</b>	12	<b>4,179.87</b>	<b>4,179.87</b>	<b>4,481.95</b>	<b>302.08</b>
<b>OTHER RECEIPTS</b>	13	<b>1,910.48</b>	<b>2,173.67</b>	<b>1,985.26</b>	<b>(188.41)</b>
<b>TOTAL RECEIPTS IN THE YEAR</b>		<b>97,628.84</b>	<b>105,528.73</b>	<b>96,276.31</b>	<b>(9,252.42)</b>
<b>PAYMENTS</b>					
<b>TOTAL CURRENT EXPENDITURE</b>	14	<b>50,809.91</b>	<b>47,473.66</b>	<b>45,858.96</b>	<b>(1,601.40)</b>
Operations			45,533.19	43,743.51	(1,789.68)
Domestic Grants and Transfers			1,940.47	1,916.32	(24.16)
Remittances to external parties				212.44	212.44
<b>TOTAL CAPITAL EXPENDITURE</b>	15	<b>38,241.27</b>	<b>49,590.07</b>	<b>42,860.60</b>	<b>(6,729.47)</b>
Capital expenditure		38,241.27	49,590.07	43,519.45	(6,070.62)
Less: in-kind expenses				658.85	658.85
<b>ON-LENDING</b>	16	<b>2,395.63</b>	<b>2,395.63</b>	<b>995.00</b>	<b>(1,400.62)</b>
Loans to corporations		2,395.63	2,395.63	995.00	(1,400.62)
<b>TOTAL LOAN REPAYMENT</b>	17	<b>6,182.04</b>	<b>6,069.38</b>	<b>6,448.68</b>	<b>379.30</b>
<b>ADVANCE AND SUSPENSE</b>	18			75.16	75.16
<b>TOTAL PAYMENTS IN THE YEAR</b>		<b>97,628.84</b>	<b>105,528.73</b>	<b>96,251.70</b>	<b>(9,277.03)</b>
<b>Increase/(Decrease) in Cash</b>				<b>24.61</b>	<b>24.61</b>

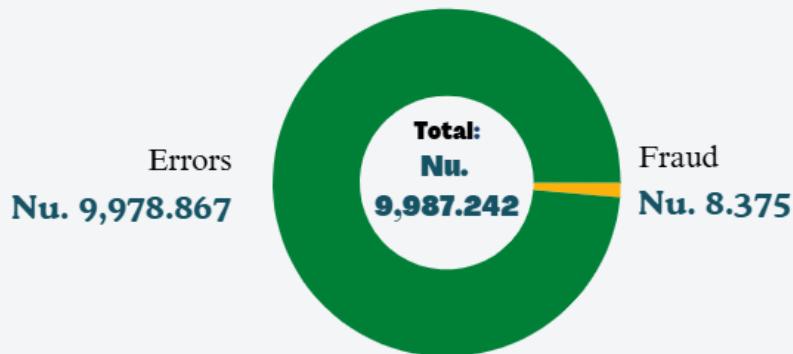
  
 Nanda Dendup  
 Director  
 Director  
 Department of Treasury & Accounts  
 Ministry of Finance

  
 Dara Tranquill  
 Deputy Auditor General  
 Department of Performance &  
 Compliance Audit  
 Royal Audit Authority

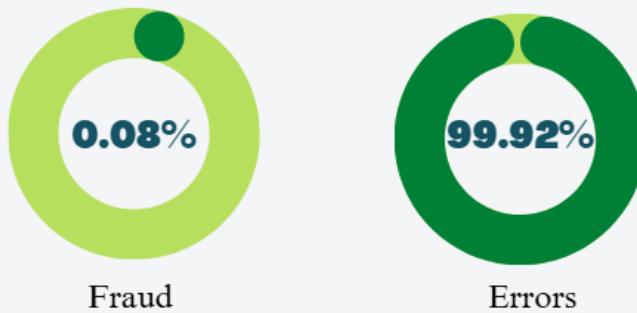
<sup>3</sup> Variance = Actual minus Revised Budget

## SUMMARY OF AUDIT FINDINGS

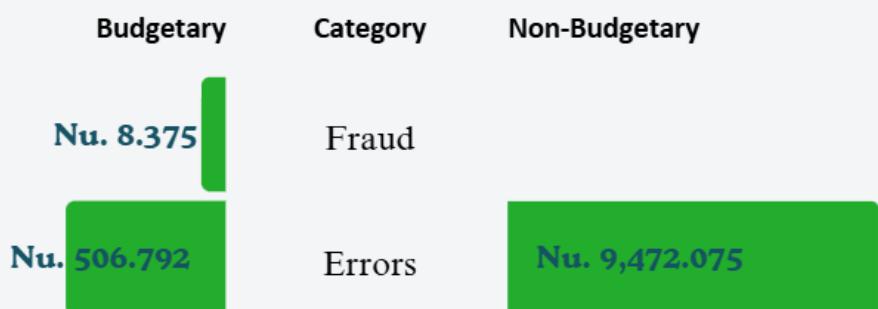
### Irregularities by Type (Nu. in million)



### Irregularities by Percentage



### Irregularities by Budgetary & Non-Budgetary (Nu. in million)





## 3. SUMMARY OF AUDIT FINDINGS

During FY 2024-25, the RAA issued 454 Financial Audit (FA) reports and 79 Compliance Audit (CA) Reports. Of the 454 FA reports, 15 were issued with qualified opinions<sup>4</sup> and 439 were issued with unqualified (clean) opinions on the Financial Statements. The AAR 2024-25 was compiled from 214 audit reports which contained unresolved audit findings.

The total financial implication of the irregularities reported during the period amounted to Nu. 9,987.242 million, of which Nu. 8.375 million was categorised under 'Fraud' and Nu. 9,978.867 million under 'Errors', representing 0.08% and 99.92% respectively, as depicted in **Figure 2**.

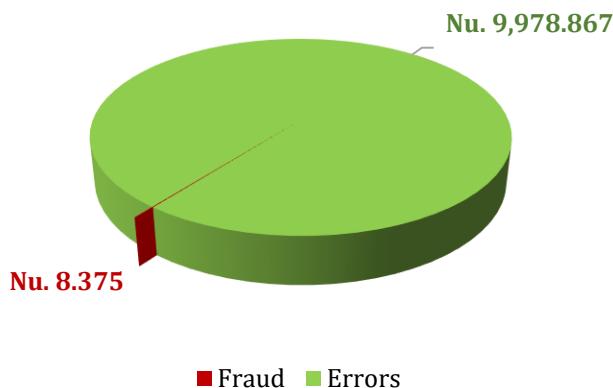


Figure 2: Types of Irregularities with Amount (Nu. in million)

The RAA has revised its observation categorisation and are broadly classified into two broad categories: '**Fraud**' and '**Errors**'. Under each category, irregularities are further classified into seven functional or operational areas as shown in **Figure 3**. The definitions of the categories are provided in **Annexure I**.

<sup>4</sup> Qualified Opinion: Report issued by the auditor when after getting sufficient audit evidence, is of the view that misstatements are material but not pervasive.

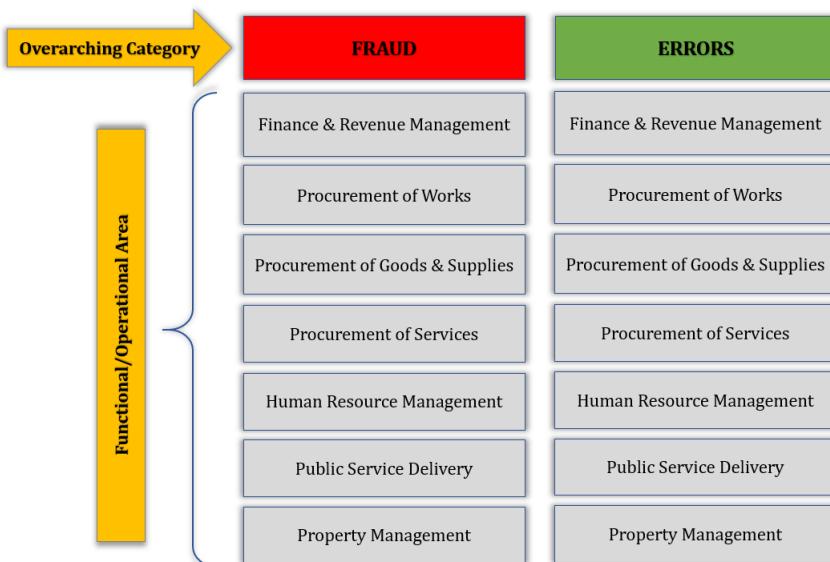


Figure 3: Functional/Operational Areas under Fraud and Errors

This reclassification is intended to bifurcate irregularities into fraud and non-fraud nature based on the assessment of the audit evidences and to render ability to pinpoint issues to specific operational/functional areas and identify causes to recommend appropriate corrective measures.

The irregularities that presented *prima facie* evidence of fraudulent intent based on RAA's assessment are categorized under '**Fraud**' within the relevant functional area. The irregularities that stem from reasons other than wilful intent, which have potential to compromise the accuracy of financial reporting, compliance to governing authorities or the economic and efficient functioning of agencies, are classified under '**Errors**'.

**Table 1** below presents irregularities under Fraud and Errors by agency type. Among fraud-related cases, Autonomous Agencies recorded the highest amount at Nu. 8.129 million, followed by Dzongkhags with Nu. 0.195 million, accounting for 97.07% and 2.33% respectively. Under Errors, Hydropower Projects reported the largest share at Nu. 8,206.250 million, followed by Corporations and Financial Institutions at Nu. 938.685 million, representing 82.24% and 9.41% respectively.

Table 1: Summary of irregularities under Fraud and Errors by Agency Type

Fraud			Errors		
Sl. No.	Agency Type	Amount (Nu. in million)	Sl. No.	Agency Type	Amount (Nu. in million)
1	Autonomous Agency	8.129	1	Hydropower Projects	8,206.250
2	Dzongkhags	0.195	2	Corporations and FIs	938.685
3	Armed Forced	0.051	3	Dzongkhags	334.610
4	CSOs, NGOs and ROs	0.000	4	CSOs, NGOs and ROs	205.064
5	Hydropower Projects	0.000	5	Ministries	157.119
6	Ministries	0.000	6	Autonomous Agency	108.445
7	Corporations and FIs	0.000	7	Armed Forces	28.695
<b>Total</b>		<b>8.375</b>	<b>Total</b>		<b>9,978.867</b>

The cases that require actions from the auditees are spelt out in the individual audit reports, identifying accountable officials for treatment of issues, initiating sanctions and taking corrective actions. During the year, the RAA forwarded four audit reports containing 16 cases to the Anti-Corruption Commission (ACC) for further investigation. The RAA pursues the implementation of audit recommendations through a regular follow-up process, and actions are sought from agencies in accordance with the Audit Act of Bhutan 2018.

The summary of significant audit findings analyses the root causes of irregularities to support agencies and authorities in taking corrective and preventive measures, imposing sanctions and ensuring restitution of losses sustained by the government, as shown in **Figure 4**.

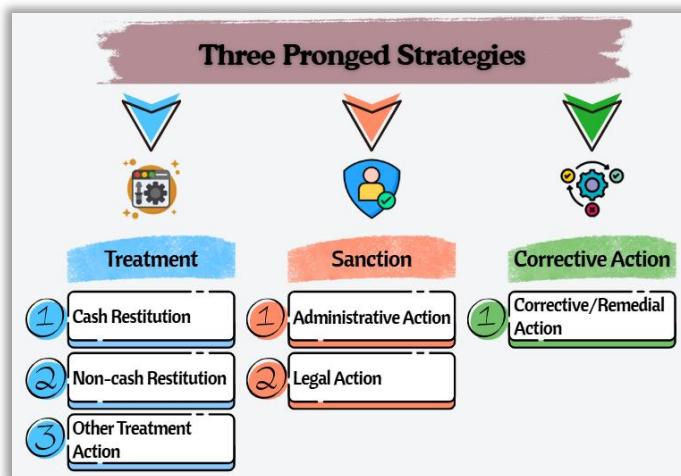


Figure 4: Three-Pronged Strategies

### 3.1 Fraud

From the total irregularities of Nu. 9,987.242 million, cases which contain elements of fraud accounted for 0.08% aggregating to Nu. 8.375 million. These cases showed *prima facie* evidence of the existence of fraudulent intent based on the RAA's review. The cases requiring further investigation were forwarded to ACC. The overview of those cases reported for the year is shown in **Figure 5**.

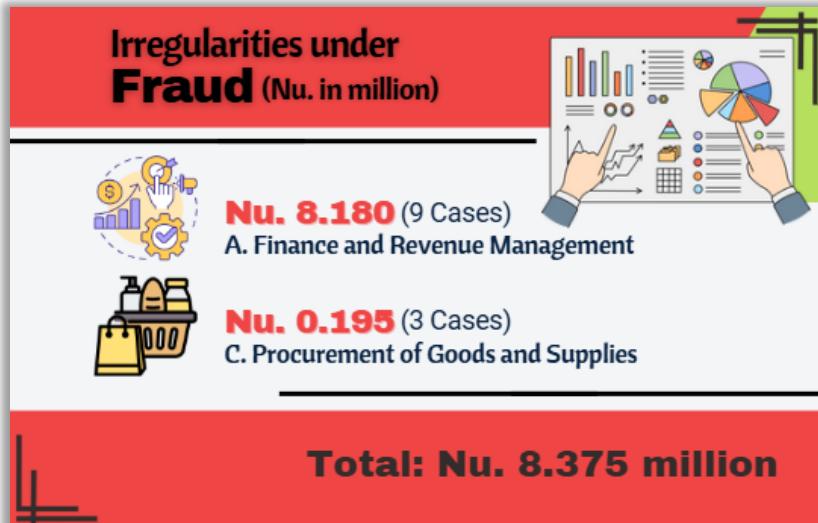


Figure 5: Overview of irregularities pertaining to fraud under each functional area

#### 3.1.1 Agencies with cases of Fraud

Agency-wise cases of fraud provided in **Table 2** below shows that Centenary Farmers Market, Department of Agricultural Marketing and Cooperatives (DAMC), MoAL, had the highest irregularities amounting to Nu. 8.104 million followed by Dzongkhag Administration, Trongsa, including Gewogs with Nu. 0.100 million, representing 96.77% and 1.19% respectively.

Table 2: Agencies with cases of Fraud with corresponding amounts

Sl. No.	Agency	No. of Cases	Amount (Nu. in million)
1	Centenary Farmers Market, Department of Agricultural Marketing and Cooperatives, MoAL, Thimphu	5	8.104
2	Dzongkhag Administration, Trongsa	1	0.100

3	Dzongkhag Administration, Bumthang	1	0.095
4	Royal Bhutan Police, Headquarters, including Royal Bhutan Police Division I, Paro, Prison Service Division, and Fire Fighting Services	1	0.051
5	Drungkhag Court, Panbang, Zhemgang	2	0.025
6	Regional Office of Industry, Commerce and Employment, Samdrup Jongkhar, MoICE	1	0.000
7	Regional Offices, Thimphu, Ministry of Agriculture and Livestock	1	0.000
<b>Total</b>		<b>12</b>	<b>8.375</b>

### 3.1.2 Cases containing elements of Fraud

The cases containing elements of fraud reported for the year are:

#### A. Finance and Revenue Management

1. The RAA noted a case of misuse of funds amounting to Nu. 4.553 million by the Accountant of the Regional Office of Industry, Commerce and Employment, Samdrup Jongkhar. It was found that the advance amount of Nu. 4.553 million released to various officials was adjusted as expenditure without supporting documents. Such fraudulent practices had occurred due to the absence of appropriate controls in sanctioning and recovery of personal advances. The amount was recovered and deposited into the Audit Recoveries Account. However, the case was referred to the ACC for further investigation. **(AIN: OAAGSJ-2025-53; Ob. No. 1)**
2. A short accountal of revenue amounting to Nu. 4.164 million were observed in the Operations of Centenary Farmers Market, DAMC, MoAL. Against the total collections of Nu. 18.860 million for the period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2024, only Nu. 14.697 million was deposited into the CD Account, resulting in a short deposit of Nu. 4.164 million. The RAA recommended furnishing supporting evidence to justify the shortfall. The management failed to furnish relevant documents explaining the difference, and the case was referred to the ACC for further investigation. **(AIN: ECD-2025-147; Ob. No. 1)**
3. A case of withdrawal of funds aggregating to Nu. 2.310 million from the bank without supporting documents was observed in Centenary Farmers Market, DAMC, MoAL. The RAA observed that the amounts were withdrawn without proper supporting documents, like disbursement vouchers/bills, etc. The

management has not produced relevant documents supporting the withdrawal and was requested to identify relevant officials for appropriate actions. The case was referred to the ACC for further investigation. **(AIN: ECD-2025-147; Ob. No. 6)**

4. A short account of rental charges aggregating to Nu. 1.630 million were observed in the Operation of Centenary Farmers Market, DAMC, MoAL. The rental charges were calculated based on the information made available by the Centenary Farmers Market management for available spaces for rent, and actual collection accounted for. The RAA recommended furnishing supporting evidence to justify the shortfall. The management failed to furnish relevant documents explaining the difference, and the case was referred to the ACC for further investigation. **(AIN: ECD-2025-147; Ob. No. 2)**
5. A short recovery of Nu. 0.051 million was noted under the Royal Bhutan Police (RBP), Trongsa, Division VII. The RAA observed that the internal audit of the RBP had detected misuse of Nu. 0.149 million by the dealing accountant from the rental budget and accordingly recovered and deposited into the Government Budget Fund Account in March 2025. However, the RAA confirmed that the total misuse was Nu. 0.200 million, resulting in a short recovery. The RBP was recommended to recover the balance amount and deposit into the Audit Recoveries Account, besides initiating appropriate action on the official concerned. The RBP is yet to take actions on the issue. **(AIN: SCD-2025-103; Ob. No. 6)**
6. A cash balance of Nu. 0.018 million was not surrendered to the Government Budget Fund Account at the end of FY by the Royal Court of Justice, Panbang, Zhemgang. The RAA noted that the fund was recorded as surrendered in the disbursement voucher while no actual cash was surrendered, indicating fabrication of documents. The case was referred to the ACC for further investigation. **(AIN: OAAGB-2025-10; Ob. No. 2)**
7. An amount of Nu. 0.006 million incurred as an expenditure through reimbursement of the expenses in cash to an official at the Royal Court of Justice, Panbang, Zhemgang. However, the RAA confirmed that the payee had not received the amount. The case was referred to the ACC for further investigation. **(AIN: OAAGB-2025-10; Ob. No. 1)**

8. A case of missing six booklets of Money Receipt Books was observed in the Operation of Centenary Farmers Market, DAMC, MoAL. The Centenary Farmers Market had used 101 money receipt books during the period from 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2024, of which six booklets were found missing. Hence, the RAA could not verify the amount of revenue collected from these missing money receipt booklets. The RAA recommended furnishing the missing money receipt booklets for necessary verification and identify responsible officials for appropriate actions. The case was referred to the ACC for further investigation. (**AIN: ECD-2025-147; Ob. No. 3**)
9. The RAA noted gaps in documentation resulting from incomplete financial records and a lack of accountability for the revenue management during the transition from the use of Microsoft Excel to Manual Receipt Books for revenue collection during 2022 by Centenary Farmers Market, DAMC, MoAL. The exact date of the transition was not on record. As such, there was no clear record of revenue collected during the period when Excel-based record-keeping was in use. This had impeded the actual verification process of revenue collections and accountal by the RAA. The RAA sought clarification and documents of revenue collection pertaining to this period and identify responsible officials for appropriate actions. The case was referred to the ACC for further investigation. (**AIN: ECD-2025-147; Ob. No. 4**)

### **C. Procurement of Goods and Supplies**

1. A double payment of Nu. 0.202 million was made to M/s Tshogdag Enterprise, Thimphu, by the National Soil Service Centre, Simtokha, on account of the purchase of chemicals. The payment for the bill No. 895 dated 24.04.2023 was processed twice via disbursement voucher No. 4.29 dated 27.04.2023 and 5.21 dated 19.05.2023. The amount was recovered at the instance of the audit and deposited into the Audit Recoveries Account. The RAA recommended appropriate action on the officials for the lapses. The Centre is yet to take actions on the issue. (**AIN: ECD-2025-156; Ob. No. 2**)
2. A double payment of Nu. 0.100 million was observed against Gup, Tangsibji Gewog, pertaining to the Renovation of Chendebji Lhakhang. The payment was made based on the photocopied bills. The RAA noted that the adjustment of the advance, amounting to Nu. 0.077 million against the Gup was made through the original bills, indicating double adjustment. The RAA

recommended the recovery of the amount. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 17.2)**

3. A case of misuse of the stipend aggregating to Nu. 0.095 million was observed in Chumey Central School, Bumthang Dzongkhag. A similar case of suspected misuse of the stipend was also observed during the audit of FY 2022-23. As against the actual mess expenditure of Nu. 84,376.00, Nu. 179,635.00 was found claimed, resulting in an enhanced claim of Nu. 95,259.00. The RAA also noted that the bills, amounting to Nu. 91,735.00 for the month of July 2023 was found paid to the Mess In-Charge by the Accountant. However, the bills attached did not bear the sign and the seal of the Principal. The Dzongkhag was requested to investigate the matter further and authenticate the genuineness of the mess bills. The school is yet to take actions. The case was referred to the ACC for further investigation. **(AIN: OAAGB-2024-302; Ob. No. 7.2)**

### 3.2 Errors

From the total irregularities of Nu. 9,987.242 million, cases under Errors accounted for 99.92% aggregating to Nu. 9,978.867 million. The overview of errors reported for the year is shown in **Figure 6**.

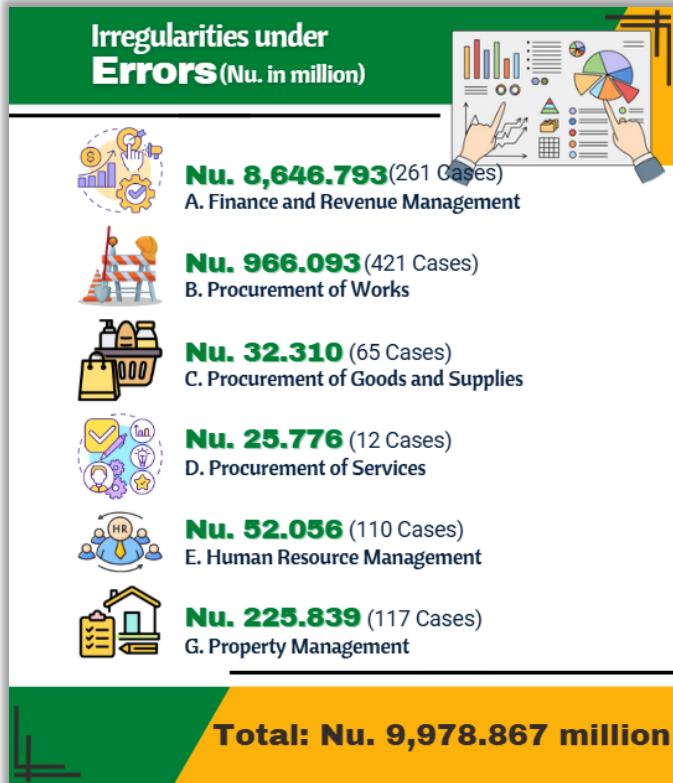


Figure 6: Overview of irregularities pertaining to errors under each functional area

#### 3.2.1 Top 10 agencies with cases reported under Errors

The agency-wise cases of Errors provided in **Table 3** below show that the PHPA II had the highest irregularities, amounting to Nu. 7,789.653 million, followed by Food Corporation of Bhutan Limited with Nu. 654.202 million, representing 78.06% and 6.56% respectively.

Table 3: Top 10 Agencies with cases of Errors with corresponding amounts

Sl. No.	Agency	No. of Cases	Amount (Nu. in million)
1	Punatsangchhu Hydroelectric Project Authority, Phase II, Bjamthangkha, Wangdue	27	7,789.653

2	Food Corporation of Bhutan Limited	4	654.202
3	Punatsangchhu Hydroelectric Project Authority, Phase I, Bjimthangkha, Wangdue	13	378.942
4	Ugyen Pema Zangdopelri Chhoetshok, Paro	5	180.841
5	Dzongkhag Administration, Trashiyangtse	31	142.147
6	Farm Machinery Corporation Limited	16	133.692
7	Royal Insurance Corporation of Bhutan Limited, including 20 Branch Offices	4	78.392
8	Thromde Administration, Samdrup Jongkhar	17	42.534
9	Dzongkhag Administration, Trongsa	27	41.201
10	Sherubtse College, Royal University of Bhutan	7	35.732

### 3.2.2 Cases reported under Errors

The cases reported under Errors for the year are:

#### A. Finance and Revenue Management

Of the total irregularities of Nu. 9,978.867 million reported under Errors, Nu. 8,646.793 million pertained to Finance and Revenue Management. Within this, Hydropower Projects recorded the highest irregularities amounting to Nu. 7,496.325 million, followed by Corporations and Financial Institutions with Nu. 914.784 million, representing 86.69% and 10.58% respectively, as shown in **Table 4**.

Table 4: Irregularities in Finance and Revenue Management by Agency Type

Sl. No.	Agency Type	No. of Cases	Amount (Nu. in million)
1	Hydropower Projects	21	7,496.325
2	Corporations and Financial Institutions	69	914.784
3	Autonomous Agencies	43	91.479
4	Dzongkhags	62	71.309
5	Ministries	43	44.078
6	Armed Forces	6	27.022
7	Civil Society Organisations, Non-Governmental Organisations and Religious Organisations	13	1.796
<b>Total</b>		<b>251</b>	<b>8,646.793</b>

1. An amount of Nu. 281.350 million was shown as an outstanding liability in the financial statements of Mangdechhu Hydropower Plant as of 31 December 2024. The Finance Section justified that although payments were already cleared against many of these entries, the corresponding accounting records were not cleared from the system. The MHP was recommended to update the records in the system. The Plant is yet to take actions on the issue. **(AIN: OAAGB-2025-102; Ob. No. 3.2)**
2. An amount of Nu. 164.231 million was reported as an outstanding liability in the financial statements of MHP. The RAA noted that out of the total outstanding liabilities, Nu. 162.413 million pertains to revenue sharing for additional energy generation from the Nikachhu project for October and December 2024, while Nu. 1.817 relates to line losses for Basochhu Hydropower Plant and MHP for May 2024. The RAA recommended settling the outstanding liabilities and providing the necessary documentation to verify the payments made. The Plant is yet to take actions on the issue. **(AIN: OAAGB-2025-102; Ob. No. 3.1)**
3. An unclaimed GIS contribution of 9,827 inactive members amounting to Nu. 78.045 million was observed in the Royal Insurance Corporation of Bhutan Limited (RICBL). The RICBL had not conducted follow-up action due to the lack of clear direction in the Group Insurance Scheme (GIS) Guidelines on handling inactive members. The RAA recommended to provide details of corrective measures, including procedures to track inactive GIS members, implement monitoring mechanisms to ensure data integrity and establish systems for the timely identification and resolution of inactive member issues. The RICBL was able to resolve 2,280 inactive accounts, leaving a balance of 7,547. **(AIN: COAD-2024-492; Ob. No. 1)**
4. A security deposit of Nu. 30.790 million was not collected from the 16 export distributors by Bhutan Board Product Limited (BBPL), Phuentsholing, as stipulated in the Distributorship Agreements. The RAA also noted Outstanding Credit Sales exceeding the credit period of 21 days as of 31.12.2024, amounting to Nu. 6.119 million. Thus, to safeguard the company's products in the event that customers fail to clear outstanding dues, the BBPL was recommended to explore alternative insurance mechanisms, and the outcome intimated to the RAA. The BBPL is yet to take actions on the issue. **(AIN: OAAGPL-2025-91; Ob. No. 1)**

5. PW advances of Nu. 25.715 million lying against individuals and parties for FY 2023-24 as of 30 June 2024 for various works undertaken by the Royal Bhutan Army (RBA), Headquarters, Lungtenphu. The RAA recommended to expedite the adjustment/recovery of the advances. The RBA is yet to take actions on the issue. **(AIN: SCD-2025-93; Ob. No. 3)**
6. The recoveries amounting to Nu. 19.026 million was pending from M/s L&T Limited on account of excess reimbursement of Bhutan Sales Tax, Custom Duty and Green Tax for import of construction materials, machineries and equipment for the PHPA-I. The Project was recommended to recover the amount. The Project is yet to take actions on the issue. **(AIN: ECD-2025-65; Ob. No. 10)**
7. Outstanding Suspense Account Balance of Nu. 16.848 million was observed under PHPA-I as on 31.03.2024. The accumulated balance could not be cleared pending the asset verification by the Asset Committee. The Project Management was recommended to expedite the completion of the asset verification process to enable proper classification and adjustment of the amount. The Project is yet to take actions on the issue. **(AIN: ECD-2025-65; Ob. No. 11.1)**
8. The PW Advances amounting to Nu. 14.608 million was lying against agencies and individuals under the Department of Air Transport. The advances pertained to the period prior to June 2023. The significant advance of Nu. 14.540 million pertained to VAST Bhutan, which had remained unadjusted despite the completion of work at Paro International Airport in October 2021. The RAA recommended to expedite the adjustment/recovery of the advances. The Department reported that the provisional expenditure statement was furnished, and it is in the process of review and adjustment. **(AIN: ECD-2024-481; Ob. No. 2.1)**
9. Public Works (PW) Advances of Nu. 14.346 million was outstanding against various parties and officials under Trongsa Dzongkhag for various construction works. Some advances pertained to the period prior to June 2024. The RAA recommended to initiate recovery/adjustment of the outstanding advance. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 1)**

10. The RAA observed outstanding receivables of Nu. 11.737 million in Bhutan Livestock Development Corporation Limited (BLDCL) pertaining to the year 2023. The RAA recommended to expedite the recovery of the outstanding receivables. The BLDCL is yet to take actions on the issue. **(AIN: COAD-2025-48; Ob. No. 2)**
11. PW Advances of Nu. 10.528 million as of 30 June 2024 was outstanding against various individuals and parties under Gasa Dzongkhag for various construction activities carried out. Some of the advances pertained to FY 2021-22. The RAA recommended to initiate recovery/adjustment of the outstanding advances. The Dzongkhag is yet to update on the actions taken. **(AIN: SCD-2024-383; Ob. No. 8)**
12. Expenditures aggregating to Nu. 10.301 million was booked and retained under the Closed Work Account at the end of FY 2023-24 for various construction activities undertaken by Trashiyangtse Dzongkhag. Some of the construction activities pertained to FY 2022-23. The RAA noted that the works were still ongoing through mid-FY 2024-25. The RAA recommended to expedite the completion of the works and settlement of the claims. The Dzongkhag had deposited Nu. 0.500 million into the Audit Recoveries Account and completed the Construction of Four-Unit Staff Quarter at Bumdeling LSS and the Maintenance of Gomkora Lhakhang. The Dzongkhag is yet to complete three ongoing construction activities. **(AIN: OAAGSJ-2024-394; Ob. No. 1)**
13. An unclaimed amount of Nu. 9.543 million was noted under the Refundable Deposit Account of the Department of Air Transport as of 30 June 2024. These deposits pertained to 10% performance security and retention money deposited by contractors and suppliers. The RAA recommended to expedite the settlement of the accounts. The Department is yet to take actions on the issue. **(AIN: ECD-2024-481; Ob. No. 3)**
14. The RAA noted that the amount of Nu. 7.738 million was not surrendered upon the completion of various deposit works executed by Trashiyangtse Dzongkhag. The RAA recommended to expedite the settlement of Deposit Work Accounts. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 4)**

15. An advance amount of Nu. 6.109 million had remained unsettled against M/s T. Tobgyal Construction Private Limited, Trashigang, in the Construction of Urban Road and other Urban Infrastructure in LAP-I under Samdrup Jongkhar Thromde. The contract was terminated for breach of contract. The advances have remained unsettled for over 600 days as of the date of audit (28 February 2025). The Thromde conveyed that the matter will be pursued legally. **(AIN: OAAGSJ-2025-19; Ob. No. 8.4)**
16. An overdue sundry debtor of Nu. 5.847 million was noted in the Natural Resources Development Corporation Limited (NDRCL), Gelephu, for periods ranging from 12 to 63 months against four parties as of April 2024. The RAA recommended to expedite the recovery of the overdue sundry debtors. The NDRCL had realised Nu. 3.290 million, leaving a balance of Nu. 2.557 million. **(AIN: OAAGTS-2025-101; Ob. No. 1)**
17. An overdue sundry debtor of Nu. 4.885 million was noted in the Army Welfare Project Limited (AWPL). The RAA recommended to expedite the recovery of the overdue sundry debtors. The amount of Nu. 0.928 million was realised by the AWPL, leaving a balance of Nu. 3.957 million. **(AIN: COAD-2025-270; Ob. No. 2)**
18. Cases of under-declaration of income aggregating to Nu. 4.574 million was noted for the income years 2021 and 2023 in respect of two exporters based on the comparison of turnover as per the Bhutan Automated Customs System and the electronic Customs Management System. The RAA noted that the total export value (FoB) amounted to Nu. 18.465 million, while the exporters declared only Nu. 13.891 million, resulting in under-declaration of income. The Regional Revenue and Customs Office (RRCO), Gelephu, was recommended to expedite the collection of the applicable taxes and penalties. The RRCO is yet to take actions on the issue. **(AIN: OAAGTS-2024-520; Ob. No. 2)**
19. PW Advances of Nu. 3.858 million as of 30 June 2024 was outstanding against various individuals and parties under Pemagatshel Dzongkhag for various construction activities carried out. The RAA recommended to initiate recovery/adjustment of the outstanding advances. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-402; Ob. No. 2)**

20. The PW Advances of Nu. 3.748 million as of 30 June 2024 was outstanding against various individuals and parties under Dagana Dzongkhag. The advances pertained to FYs 2019-20, 2020-21, 2021-22 and 2022-23. The RAA recommended to initiate recovery/adjustment of the overdue advances. The Dzongkhag had recovered Nu. 0.582 million and adjusted Nu. 3.056 million, leaving the balance of Nu. 0.109 million. **(AIN: OAAGTS-2024-353; Ob. No. 5)**

21. An amount of Nu. 2.445 million was outstanding PW Advances lying against three parties/individuals for various works undertaken by the Secretariat, Dratshang Lhentshog. These advances remained unadjusted even after the completion of the works. The RAA recommended expediting the settlement/recovery of the outstanding advances. The Secretariat is yet to take actions on the issue. **(AIN: SCD-2024-382; Ob. No. 1)**

22. An amount of Nu. 2.351 million was incurred on the construction of toilets, retaining walls, Drasha and other maintenance works related to Lhakhangs under Tsakaling Gewog, Mongar Dzongkhag. The RAA noted that the funds were directly released to the respective Head of Lhakhangs based on the endorsement of the Gewog Tshogde. The expenditures were not supported by relevant documents and muster rolls containing labour engagement details and the quantum of work done. The RAA sought relevant documents to support the expenditure. The Dzongkhag is yet to take actions on the issue. **(OAAGB-2024-387; Ob. No. 12)**

23. The RAA noted cases of pending recoveries amounting to Nu. 2.298 million from various contractors on account of construction materials (bitumen & materials) supplied by the Regional Office, Thimphu, Department of Surface Transport, MoIT. The materials were issued to contractors during FY 2018-19. However, the Regional Office had failed to adjust/recover the value of materials supplied by the contractor despite settling the final claims. The RAA recommended to expedite the adjustment/recovery of the amount. The Regional Office had recovered and deposited Nu. 1.180 million leaving the balance of Nu. 1.118 million. **(AIN: ECD-2024-515; Ob. No. 1)**

24. The RAA noted the case of non-surrender of the fund balance amounting to Nu. 2.050 million by the Zhemgang Dzongkhag on account of the Deposit Work for maintenance of Tama School. The RAA recommended to initiate the settlement of accounts with the Department of School Education,

Thimphu. The Dzongkhag had surrendered Nu. 2.041 million to the Department. **(AIN: OAAGB-2024-490; Ob. No. 1.2.1)**

25. Receivables aggregating to Nu. 1.846 million on account of rental charges from various occupants and parking fees were lying uncollected as of December 2024 by Centenary Farmers Market, Thimphu. Some of the receivables pertained to the years 2022 and 2023. The RAA recommended to expedite the collection of outstanding rent. The Centenary Farmers Market is yet to take actions on the issue. **(AIN: ECD-2025-147; Ob. No. 7)**
26. The property tax of Nu. 1.355 million were outstanding from various land and building owners under Thimphu Thromde as of 30 December 2024. The outstanding dues pertained to the year 2021, which should have been collected in 2022. The RAA recommended to expedite the collection of the outstanding taxes along with the applicable penalties. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. No. 8)**
27. The RAA noted cases of non-collection of rebates, amounting to Nu. 1.351 million on account of the procurement of High-Density Polyethylene Pipes (HDPE) pipes by Dagana Dzongkhag. This had occurred due to the non-submission of details of HDPE consumption to claim the rebates. The RAA recommended that the applicable rebates, and deposit the amount into Audit Recoveries Account. The Dzongkhag had recovered Nu. 0.055 million from the Bhutan Polythene Company Limited leaving the balance of Nu. 1.296 million. **(AIN: OAAGTS-2024-353; Ob. No. 4)**
28. The RAA noted non-surrender of fund balance amounting to Nu. 1.314 million by the Zhemgang Dzongkhag on account of Deposit Work of construction of Khomshar Primary School. The RAA recommended to initiate settlement of the accounts with Department of School Education, Thimphu. The Dzongkhag had forwarded documents pertaining to surrender of unspent funds to Department. **(AIN: OAAGB-2024-490; Ob. No. 1.2.2)**
29. The RAA noted outstanding trade receivables of Nu. 1.205 million from various parties in the Bhutan Centennial Distillery (BCD), Samtenling, Sarpang on account of sales. The receivables pertained to FY 2023. The BCD was recommended to expedite the recovery of the outstanding receivables.

The BCD had realised Nu. 0.205 million leaving the balance of Nu. 1.000 million. **(AIN: OAAGTS-2025-23; Ob. No. 1)**

30. The RAA noted cases of non-collection of rebates amounting to Nu. 1.171 million on account of procurement of HDPE pipes for RWSS activities at Tshendugang, Tshendugompa, Rashigang, and Wanakha under Naja Gewog, Paro Dzongkhag. The RAA recommended to process the rebate claims. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. Nos. 6 & 7)**
31. An amount of Nu. 1.161 million was incurred from the internal revenue maintained in the Current Deposit (CD) Account to procure one Maruti Suzuki XL6 ZETA (M.T) from M/s Rana Motors Private Limited, New Delhi, by the Royal Bhutanese Embassy (RBE), New Delhi, in deviation from the notification issued by MoF. The RBE was recommended to obtain formal approval from the competent authority to regularise the vehicle procurement and intimate the outcome to RAA for further review. The RBE is yet to take actions on the issue. **(AIN: SCD-2025-235; Ob. No. 2)**
32. The RAA observed Differences in encashment and accountal of Bank Guarantee amount by Nu. 1.003 million was observed in Samdrup Jongkhar Dzongkhag pertaining to the Construction of 64-Bedded Boys' and Girls' Hostel at Pemathang LSS. As against the Bank Guarantee amount of Nu. 6.666 million and corresponding withdrawal, the Dzongkhag had recorded only Nu. 5.663 million in the books of accounts resulting in a difference of Nu. 1.003 million. The RAA sought the documents to support the expenditure for the difference amount. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-385; Ob. No. 5).**
33. Lease rent amounting to Nu. 0.872 million was lying outstanding against various vendors on account of lease rents for occupying space at Centenary Farmers Market, Paro Dzongkhag. The lease rent pertained to period from January 2023 to December 2024. The RAA also pointed out the failure to invoke relevant provisions for breach of agreement. The RAA recommended to expedite the collection and settlement of outstanding amounts. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 10)**

34. House Rent Allowance (HRA) aggregating to Nu. 0.837 million was found not deducted from the officials occupying government houses under Paro Dzongkhag. The RAA observed that officials were paid full HRA without deducting the applicable rent of accommodation facilities provided. The RAA recommended to recover and deposit the amount into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 9)**

35. The RAA noted irregular reimbursement of Nu. 0.718 million made by PHPA-I to Water and Power Consultancy Services (WAPCOS) Limited for engineering and design consultancy services. The expenses related to entertainment, business promotion, bank charges, newspaper subscriptions, brokerage fees and repair costs for the Diesel Generator (DG) set which were not covered under the contract. The RAA also noted inclusion of certain expenditures like office premise repairs and meeting-related costs as reimbursable contrary to the contract. The RAA recommended to initiate recovery and deposit of the amount into Audit Recoveries Account. The Project is yet to take actions on the issue. **(AIN: ECD-2025-65; Ob. No. 3)**

36. An additional mobilisation advance of Nu. 0.600 million was found released to M/s Rigsum Gonpa Construction, Trashiyangtse, by the Trashiyangtse Dzongkhag for the Construction of a Four-Unit Staff Quarter at Bumdeling LSS without submission of Bank Guarantee. The RAA indicated possible undue favour extended to the party. The RAA recommended to settle the advances besides initiating appropriate action on the official concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 9.3)**

37. An unreconciled difference of Nu. 0.536 million was noted in the total Receipts and Payments Statement for FY 2023-24 pertaining to Civil Service Welfare Scheme (CSWS) as of 30 June 2024. The Royal Civil Service Commission was recommended to conduct a comprehensive reconciliation of the CSWS accounts with corresponding bank statements to accurately identify and resolve the differences and furnish the statement to RAA. The Commission is yet to take actions on the issue. **(AIN: GCD-2025-51; Ob. No. 1)**

38. The RAA noted that the lease rent amounting to Nu. 0.510 million pertaining to Dzongkhag Archery Range at Nemjo, Paro Dzongkhag, was deposited into

CD Account maintained for Rinpung Sports Association. The practice of maintaining CD Accounts by agencies was in contravention to the Notification issued by the Ministry of Finance on consolidation of CD Accounts. The RAA recommended to deposit the amount into Royal Government Revenue Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 8.3)**

39. The monthly rent of Nu. 0.509 million was not collected by the Bhutan Olympic Committee (BOC) on account of rent for the property at Changlimethang Stadium leased out to the tenants for FY 2023-24. The RAA noted that the collection of rent totalled Nu. 0.408 million with the applicable penalty of Nu. 0.101 million. The rents were due for duration ranging from 9 to 19 months. The RAA recommended for expediting the collection along with the applicable penalty. The BOC is yet to take actions on the issue. **(AIN: GCD-2024-306; Ob. No. 2.1)**
40. The RAA noted cases of non-deduction of the Tax Deducted at source (TDS) of Nu. 0.449 million during payment of leave encashment to 44 employees on retirement by Bhutan National Bank Limited (BNBL). This action is in direct violation of the TDS Guidelines and the Income Tax Act of Bhutan, 2001. The bank had treated the leave encashment paid at the time of retirement as part of retirement benefits, a practice that has been followed for an extended period. The RAA recommended BNBL to recover the amount from the retired employees. The BNBL had recovered Nu. 0.276 million from 24 individuals leaving a balance of Nu. 0.174 million from 20 individuals. **(AIN: COAD-2024-340; Ob. No. 5)**
41. The land taxes of Nu. 0.447 million pertaining to the years 2021 and 2022 had remained outstanding in Samdrup Jongkhar Thromde as of March 2025. The RAA recommended to expedite the collection of the outstanding taxes along with applicable penalties. Three individuals have cleared their dues amounting to Nu. 26,609 leaving a balance of Nu. 419,837 from 44 individuals. **(AIN: OAAGSJ-2025-19; Ob. No. 6)**
42. A revenue of Nu. 0.364 million was outstanding for the Rangjung Foundation on account of cost of tents issued to clients. The RAA recommended to expedite the recovery of the outstanding receivables. The Foundation had realised Nu. 0.234 million leaving a balance of Nu. 0.129 million. **(AIN: COAD-2024-299; Ob. No. 1)**

43. PW Advances of Nu. 0.358 million was outstanding from M/s Phunsum Gayden Construction pertaining to Construction of Medium Hostel Toilet at Yurung awarded by Pemagatshel Dzongkhag. The RAA recommended to initiate recovery/adjustment of the outstanding advance. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-402; Ob. No. 3)**

44. Expenditures aggregating to Nu. 0.356 million was booked and retained under Closed Work Account for various construction activities undertaken by Toedtsho Gewog, Trashiyangtse Dzongkhag, as of 30 June 2024. Some of the activities pertained to FY 2020-21. The RAA recommended to expedite the completion of the works and settlement of the claims. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 23)**

45. The RAA noted cases of non-deduction of the TDS of Nu. 0.306 million during payment of leave encashment to 41 employees on retirement by the Royal Insurance Corporation of Bhutan Limited (RICBL). The RAA recommended RICBL to recover the amount from the retired employees. The RICBL is yet to take actions on the issue. **(AIN: COAD-2024-492; Ob. No. 4)**

46. Rental charges of Nu. 0.270 million was outstanding against private individual on account of lease of Dzongkhag Archery Range at Nemjo, Paro Dzongkhag. The RAA recommended to expedite the collection and settlement of outstanding amounts. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 8.2)**

47. The RAA noted unexplained difference of Nu. 0.227 million under the School Agriculture Program Account of Chumey Central School, Bumthang, maintained for recording sale proceeds and expenditure. The expenditure of Nu. 132,418.00 was booked without supporting documents and cash balance of Nu. 94,125.00 was not physically available, which the school management claimed to have expended. The RAA sought relevant supporting documents or recover the amount. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-302; Ob. Nos. 14.1 & 14.2)**

48. PW advances of Nu. 0.208 million were lying unadjusted against the Dzongkhag Administrations, Dagana, Chhukha and Ministry of Home Affairs on account of deposit works under the International Assistance Project implemented by Ministry of Health. The RAA recommended for adjustment

of the advances at the earliest. The agencies are yet to take actions on the issue. **(AIN: SoCD-2025-70; Ob. No. 1)**

49. A short collection of rent amounting to Nu. 0.200 million was noted in the National Handloom Development Centre (NHDC), Khaling, Trashigang, from four units of houses leased out to private individuals in Samdrup Jongkhar. The non-collection of rents ranged from 2 to 25 months. The NHDC was recommended to recover and deposit into the Audit Recoveries Account. The NHDC is yet to take actions on the issue. **(AIN: OAAGSJ-2024-294; Ob. No. 1)**
50. The RAA noted unexplained difference of Nu. 0.192 million in the payment of electricity bill pertaining to Centenary Farmers Market, Thimphu, for the period 2022, 2023 and 2024. In the absence of clear records of bills and its corresponding payment, the RAA could not validate the correctness of the payment. The RAA sought for a detailed monthly breakdown of payments made to BPCL and corresponding bills, penalties and adjustments made for further review. The Centenary Farmers Market is yet to take actions on the issue. **(AIN: ECD-2025-147; Ob. No. 5)**
51. The RAA noted a case of irregular issuance of a MacBook Pro worth Nu. 0.175 million to a retired contract employee by the Organisation of Youth Empowerment (OYB). The RAA could not confirm the entitlement of the gift in the absence of specific rules governing the provision of such benefits. The RAA recommended to review the entitlement or restitute the equivalent amount if such entitlements are not authorised by the governing authorities. The OYB is yet to take actions on the issue. **(AIN: COAD-2024-342; Ob. No. 1)**
52. The canteen rent of Nu. 0.158 million for five months, including a 10% penalty of Nu. 14,400.00 with a monthly rent of Nu. 0.028 million was not paid to the National Land Commission Secretariat (NLCS) by M/s Hungry Restaurant, Thimphu, for operating the canteen. The NLCS, despite several reminders to the canteen owner, had failed to pay the amount, and accordingly, the contract was terminated. The RAA recommended for recovery and deposit of amount into the Audit Recoveries Account. The NLCS is yet to take actions on the issue. **(AIN: SoCD-2024-509; Ob. No. 1)**

53. The RAA noted expenditure of Nu. 0.158 million on account of purchase of field gears like safety shoes and dresses from the budget of RWSS works at Drakey Pangtsho Source to Dopshari, Doteng and Shaba Gewogs by Paro Dzongkhag. The safety gears were distributed to the workers and officials in contravention to the notification of the Ministry of Finance. The RAA recommended for recovery and deposit of the amount into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 3)**

54. Rental charges for 15 months (June 2023 to August 2024) amounting to Nu. 0.145 million was not collected from the Canteen Operator by the Bumthang Sports Association (BSA). The RAA recommended the BSA to recover the outstanding canteen rental charges and deposit into Audit Recoveries Account. The case was later referred to the ACC for further investigation. **(AIN: OAAGB-2024-302; Ob. No. 18.1)**

55. The RAA noted non-compliance to the revised guidelines for the operation of CD Account by the RBE, New Delhi. The guidelines require all the CD Accounts held by government budgetary agencies to be consolidated under the Department of Treasury and Accounts (DTA). The RBE continues to operate its CD Account in deviation to the guidelines. The RAA recommended to initiate consultation with the MoF and review its current arrangements and communicate the outcome to the RAA. The RBE is yet to take actions on the issue. **(AIN: SCD-2025-235; Ob. No. 3)**

56. The RAA observed variations in the royalty and wheeling charges due to difference in the records in the energy generation statement and the accounts maintained by the Mangdechhu Hydropower Plant (MHP). As per the energy generation statement, the royalty payable to the RGoB for the year 2024 was Nu. 2,136.239 million, and the wheeling charges payable to Bhutan Power Corporation Limited were Nu. 583.520 million. However, as per the accounts the royalty payable was Nu. 1,970.080 million and wheeling charges was Nu. 493.498 million, resulting in the difference of Nu. 166.159 million and Nu. 90.021 million for the royalty and wheeling charges, respectively. The RAA recommended to explain the differences and ensure proper reconciliation. The Plant has settled the differences in the wheeling charges, while the royalty charges are yet to be resolved. **(AIN: OAAGB-2025-102; Ob. No. 1)**

57. The RAA noted that ten boulder exporters had not filed their tax returns for the income years 2021, 2022, and 2023 on account of export of 22,949.95 metric tons of boulders and pebbles valuing Nu. 22.205 million. The RRCO, Gelephu, was recommended to expedite the collection of the applicable taxes and penalties. Only four exporters have filed their tax returns after the issue of audit report. **(AIN: OAAGTS-2024-520; Ob. No. 1)**

58. The RAA noted instances of non-renewal of insurance for assets mortgaged with the Branch Offices of Bhutan Development Bank Limited (BDBL) in respect of 428 loan accounts. The RAA pointed out the vulnerability to exposure risk in the event of loss of assets. The RAA recommended for immediate renewal of insurance for all uninsured loan accounts, expedite the signing of a Memorandum of Understanding (MoU) with an insurance company to streamline the renewal process, and establish a branch-wise monitoring system to ensure timely compliance. The BDBL was able to renew insurance for 133 loan accounts, leaving a balance of 295 loan accounts. **(AIN: COAD-2025-233; Ob. No. 5)**

59. The RAA noted case of revision of lease rent for the Dzongkhag Archery Range at Nemjo by Rinpung Sports Association before the expiry of the lease period. The lease rent was reduced by 50% after failing to realise the applicable rent. The RAA raised concern on not considering the second highest bid before resorting to rent revision. The RAA recommended to negotiate for at least second highest bid. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 8.1)**

## B. Procurement of Works

Of the total irregularities of Nu. 9,978.867 million reported under Errors, Nu. 966.093 million pertained to Procurement of Works. Within this, Hydropower Projects recorded the highest irregularities amounting to Nu. 648.336 million, followed by Dzongkhags with Nu. 218.806 million, representing 67.11% and 22.65% respectively as shown in **Table 5**.

Table 5: Irregularities in Procurement of Works by Agency Type

Sl. No.	Agency Type	No. of Cases	Amount (Nu. in million)
1	Hydropower Projects	23	648.336
2	Dzongkhags	222	218.806

3	Autonomous Agency	57	49.442
4	Ministries	56	27.851
5	Civil Society Organisations, Non-Governmental Organisations and Religious Organisations	7	13.608
6	Corporations and Financial Institutions	43	6.535
7	Armed Forces	8	1.514
<b>Total</b>		<b>416</b>	<b>966.093</b>

1. The RAA pointed out avoidable financial burden amounting to Nu. 185.017 million due to prolonged recoveries of amount due from contractors arising from auditing performed on the works contracted out to various contractors by the PHPA-I. The RAA raised concerns on the interest implications of unrecovered or delayed recoupment of amounts in the context of interest obligations of the projects (Interest During Construction) on loans. The implied financial burden was computed based on recoverable amount of Nu. 506.632 million outstanding from M/s Larsen & Toubro (L&T) for the MC-1 package. Such situations are apparently fuelled by lack of specific guidelines for initiating timely recoveries and recoupment of financial obligations from the parties. The Project was recommended to expedite the recoveries and institutionalise robust recovery process, including putting in appropriate safeguards against interest implications in future contracts. **(AIN: ECD-2025-65; Ob. No. 14)**
2. An amount of Nu. 111.108 million was found booked as expenditure on account of GSB works under nine Road Improvement Projects implemented by various Gewogs under Trashiyangtse Dzongkhag during FY 2023-24. The RAA noted that the expenditures were not supported by details of measurements due to which the conformance to specifications could not be determined. The RAA recommended to furnish the detailed measurement of the completed work duly endorsed by the competent authority and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 14)**
3. An additional expenditure of Nu. 99.518 million was incurred by PHPA-II management for escalation payments to M/s JAL under the C1 Package from project inception until March 2024, due to the adoption of an incorrect steel price index. The Project was recommended to apply the correct rate analysis for the steel items and initiate adjustment of excess payments, if any, from

the subsequent Running Account Bills. The Project is yet to take actions on the issue. **(AIN: ECD-2025-109; Ob. No. 3)**

4. The RAA noted significant delays in the completion of various works valuing Nu. 36.471 million undertaken by the Education Sector under Gasa Dzongkhag. Some of the works were supposed to be completed during FY 2020-21. Despite releasing Mobilisation Advances of Nu. 5.410 million and Material Secured Advances of Nu. 5.161 million, the progress of the works was slow. The RAA recommended to expedite the constructions and furnish progress reports. **(AIN: SCD-2024-383; Ob. No. 7)**
5. An additional expenditure of Nu. 26.269 million was incurred by PHPA-II management for escalation payments to M/s GIL under the C2 package from project inception until December 2021, due to the adoption of an incorrect steel price index. The PHPA was recommended to apply the correct rate analysis for the steel items initiate adjustments of excess payments, if any, from the subsequent Running Account Bills. The Project is yet to take actions on the issue. **(AIN: ECD-2025-109; Ob. No. 4)**
6. An excess payment of Nu. 9.099 million was made to M/s Norzang Construction Private Limited in the Construction of the Runway End Safety Area (RESA) at Yonphula Domestic Airport, implemented by the Department of Air Transport (DoAT), MoIT, Paro. The excess payment had occurred due to overstatement of quantities of the rock excavation works in the 7<sup>th</sup> Running Account Bills and failure to regulate payments in line with the (Bill of Quantities) BoQ. The case is under arbitration at Bhutan Alternative Dispute Resolution Centre. **(AIN: ECD-2024-481; Ob. No. 1.1)**
7. The RAA observed delay in the completion of prior years' activities valuing Nu. 8.819 million which were booked under Closed Work Account by Trashiyangtse Dzongkhag. The two activities included Development of GSB, Drains, Parking at Doksum Town, and Improvement of Farm Road from Chortenzor to Tachenma pertaining to FY 2022-23. The RAA recommended to expedite the progress and furnish completion report besides initiating appropriate actions on the officials concerned. The Dzongkhag had completed the activity of GSB development, Drainage and Parking works at Doksum while the Improvement of the Farm Road from Chortenzor to Tachenma is yet to be completed. **(AIN: OAAGSJ-2024-394; Ob. No. 13)**

8. The RAA noted instances of defective works in the renovation/maintenance of the Shooting Range at Rama, Thimphu, awarded to M/s Phuntsho Paljor Builders at the cost of Nu. 7.761 million by Bhutan Olympic Committee (BOC). The defects noted were cracks in the PCC, water leakages from top slab, damaged ceiling board, broken toilet pot & exposed CPVC pipes. Further, the RAA noted poor workmanship in the painting works executed at an additional cost of Nu. 0.570 million. The RAA recommended to rectify the defective works and submit rectification report. The BOC is yet to take actions on the issue. **(AIN: GCD-2024-306; Ob. No. 1.2)**
9. The RAA noted an avoidable payment of Nu. 5.575 million made to M/s Schneider Electric Infrastructure Limited owing to award of work without readiness of the civil work front. The MEM-5 package was awarded in November 2013 with commissioning due by August 2015. Although the contractor had made all the materials available at site by April 2018, PHPA-I failed to ensure civil work readiness, delaying site access until July 2019. As a result, epoxy cast resin delivered in February 2017 expired, prompting the contractor to claim Nu. 5.575 million for fresh procurement. The RAA concluded that the issue stemmed from PHPA-I's failure to provide an encumbrance-free site before contract award and recommended to explore the possibility of recovery. The Project is yet to take actions on the issue. **(AIN: ECD-2025-65; Ob. No. 8)**
10. The defective and substandard works worth Nu. 5.012 million were accepted by Samdrup Jongkhar Thromde in the Construction of Urban Roads and other Urban Infrastructure in LAP-I awarded to M/s T. Tobgyal Construction Private Limited. The defects included irregular laying of cover slabs, abnormal gaps and high-water seepage, improper installation of service handles/lifting hooks on precast slabs, use of poor or substandard concrete material for cover slab and plaster on the duct surface. The RAA recommended to rectify and furnish rectification report. The Thromde is yet to take actions on the issue. **(AIN: OAAGSJ-2025-19; Ob. No. 8.2)**
11. There was a recoverable amount of Nu. 4.834 million from M/s Paegyel Construction Private Limited engaged in the Construction of Multi-Sports Hall at Nemjo, Paro Dzongkhag. The recoveries could not be pursued pending the submission of final claims by the contractor. The lapses had occurred mainly due to excessive grant of advances without liquidating/adjusting earlier advances and on account of liquidated

damages to be recovered from the contractor. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 4.5)**

12. An overpayment of Nu. 4.714 million was made to M/s T. Tobgyal Construction Private Limited in the Construction of Urban Road and other Urban Infrastructure in LAP-I under Samdrup Jongkhar Thromde. This has occurred due to excess claims made in the successive Running Bills as compared to the actual execution of work as assessed by the Thromde Technical Committee at the time of termination of contract. The RAA sought for a detailed records of site development works executed to justify the payments made. Otherwise, the RAA recommended for recovery of the amount and deposit into the Audit Recoveries Account besides initiating appropriate action on the officials concerned. The Thromde is yet to take actions on the issue. **(AIN: OAAGSJ-2025-19; Ob. No. 8.1)**
13. The amount of Nu. 4.584 million was not recovered from M/s Dhue Dhul Sengye Construction Private Limited following the termination of the contract for Blacktopping of Chimung GC Road (Packages I and III) under Pemagatshel Dzongkhag. The amount was recoverable on account of 20% of the value of uncompleted work, advances, and excess payments made through RA bills. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag had recovered Nu. 0.500 million leaving a balance of Nu. 4.084 million. **(AIN: OAAGSJ-2024-402; Ob. No. 1)**
14. The 20% of the value of incomplete work amounting to Nu. 4.327 million was not realised from the contractor upon the termination of contract in the Construction of Urban Road and other Urban Infrastructure in LAP-I awarded to M/s T. Tobgyal Construction Private Limited by Samdrup Jongkhar Thromde. The RAA noted that more than 18 months had passed since the termination order was issued and Thromde is yet to realise the amount. The RAA recommended to recover and deposit the amount into Audit Recoveries Account besides taking appropriate action against the officials concerned. The Thromde is yet to take actions on the issue. **(AIN: OAAGSJ-2025-19; Ob. No. 8.3)**

15. The liquidated damages of Nu. 4.327 million was not levied against M/s T. Tobgyal Construction Private Limited for the delay in the Construction of Urban Road and other Urban Infrastructure in LAP-I under Samdrup Jongkhar Thromde. The RAA recommended to levy applicable liquidated damages as per terms of the contract. The Thromde is yet to take actions on the issue. **(AIN: OAAGSJ-2025-19; Ob. No. 8.5)**
16. Abnormal deviation of 43,040.90 percent in Work Item '*Providing & fixing G.I barbed Wire Netting including fixing of post or struts*' was observed in barbed wire fencing under 'Water Supply Works' undertaken by Lhuentse Dzongkhag. The RAA also observed abnormally high rate of Nu. 10,000.00 per meter quoted by the contractor as compared to estimated rate of Nu. 27.20 per meter resulting in cost difference of Nu. 3.502 million. The RAA recommended to conduct cost analysis taking into consideration the initial estimate and final bill besides holding the Bid Evaluation Committee accountable. **(AIN: OAAGB-2024-500; Ob. No. 2.02)**
17. A case of pending recovery of cost of materials amounting to Nu. 2.281 million in the Construction of Four-Unit Staff Quarter at Khomshar Primary School awarded to M/s Karma Tshering Construction by Zhemgang Dzongkhag. The RAA observed that Dzongkhag had provided construction materials to ease the requirement of working capital of the contractor during the pandemic time. However, Dzongkhag failed to adjust/recover the value of materials supplied from the contractor's final bill. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-490; Ob. No. 14.1)**
18. An inadmissible payment of Nu. 2.071 million was made to M/s AFCONS Infrastructure Limited engaged in the Phuentsholing Township Development Project implemented by Construction Development Corporation Limited (CDCL). The lapses had occurred due to payment for maintenance of plantation which was already included as a separate item in the BoQ. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Project is yet to take actions on the issue. **(AIN: COAD-2025-76; Ob. No. 1)**
19. The RAA noted an avoidable payment of Nu. 2.068 million in the Installation of 26 RCC piles on the National Highway at Dam Right Bank to M/s L&T in

September 2019, with M/s BAUER as a specialized sub-contractor under PHPA-I. M/s L&T procured 200 MT of steel from BSRM, Bangladesh, and completed preparatory works by January 2020 was later cancelled in April 2020 resulting into payment of preparatory works. The RAA concluded that the issue stemmed from inadequate planning and inconsistent decision-made by PHPA-I for which a detailed cost-benefits analysis including comparison with phased executions and market analysis supporting feasibility of awarding it as a single contract was requested to be submitted to RAA. The Project is yet to take actions on the issue. **(AIN: ECD-2025-65; Ob. No. 9)**

20. An inadmissible payment of Nu. 1.771 million on account of price adjustment was made to M/s Pema Juney Construction Private Limited by Jigme Namgyel Engineering College (JNEC), Dewathang in the Construction of Mechanical Lab and Site Development Work at JNEC. The lapses had occurred due to wrong computation of price adjustments considering the whole bill amount. The College was recommended to recover the amount and deposit into Audit Recoveries Account. The College is yet to take actions on the issue. **(AIN: OAAGSJ-2024-516; Ob. No. 4.1)**
21. An excess payment of Nu. 1.724 million was made in the Installation of a Fire Hydrant for Mongar Town awarded to M/s Yoezer Lhamo Muensel Construction by Mongar Dzongkhag. The excess payment had occurred due to release of funds in excess of value of works delivered in successive running bills and short deduction of rebates as observed at the time of termination of the contract. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 1)**
22. There was a case of non-execution of work valuing Nu. 1.678 million in the Construction of 3.1 km Farm Road from Raminang to Jazhiphu under Lunana Gewog, Gasa Dzongkhag awarded to M/s Phenden Lham Construction Limited. The works included permanent structures like providing RCC Hume Pipes and Retaining Walls along the stretch of the road. The RAA recommended to expedite the completion of work and furnish work completion report besides initiating appropriate actions on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-383; Ob. No. 10.3)**

23. The RAA noted excess payment of Nu. 1.634 million in the Blacktopping of Chhudzom GC Road, Package III awarded to M/s Tacho Construction Private Limited by Sarpang Dzongkhag. The excess payments had occurred due to payment for 10,430 metres length of plum concrete wall of the drain as against the executed length of 7,583.35 meters for item '*P&L in position Plum Concrete PCC 1:3:6 (60%) & soling (40%)*'. The RAA recommended to recover the amount and deposit the into Audit Recoveries Account besides initiating appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGTS-2025-106; Ob. No. 2.1)**

24. An excess payment of Nu. 1.525 million was made in the Construction of Weringla Dungkhag Office awarded to M/s Yongphel Builders by Mongar Dzongkhag. The lapses had occurred due to payments made for excess quantities and for items not provided at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 2.2)**

25. The 20% of the value of incomplete work and advances amounting to Nu. 1.449 million was not realised from the contractor upon termination of contract in the Construction of Suspended Bridge at Bazam on Mangdiphu – Dhur Tshachu awarded to M/s Norbu Karma Construction by Nubi Gewog, Trongsa Dzongkhag. The case is currently under arbitration with the Bhutan Alternative Dispute Resolution Centre. **(AIN: OAAGB-2024-328; Ob. No. 14.1)**

26. An overpayment of Nu. 1.434 million was made to M/s Phenden Lham Construction Limited by Gasa Dzongkhag in the construction of 3.1 km Farm Road from Ramina to Jazhiphu under Lunana Gewog. The overpayment had occurred due to payment for enhanced claims in the final bill. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-383; Ob. No. 10.2)**

27. An excess payment of Nu. 1.400 million was made in the Construction of a Four-Unit Staff Quarter at Bumdeling LSS awarded to M/s Rigsum Gonpa Construction by Trashiyangtse Dzongkhag. The payment had exceeded the

value of the actual work completed at site as per the work valuation carried out at the time of termination of the contract. The RAA recommended to substantiate the details of the expenditure failing which the amount of Nu. 1.400 million to be recovered and deposited into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 9.1)**

28. An inadmissible payment of Nu. 1.387 million was made to M/s P. Gyehtshen Construction Private Limited in the Construction of Resurfacing of Roads of Chophel Lam (Lungtenzampa bridge till CFM and Chang Lam) by Thimphu Thromde. The inadmissible payment had occurred due to payment for Tack Coat as a separate item although it was embedded within the customized description of BOQ related to asphalt/bituminous concrete works. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action against the site engineer. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. No. 3.1)**
29. An excess payment of Nu. 1.336 million was made in the Blacktopping of Chhudzom Gewog Centre (GC) Road, Package I awarded to M/s Norzang Construction Private Limited by Sarpang Dzongkhag. The excess payments had occurred due to differences in some of the items paid for and actually provided/executed at the site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate action on the officials concerned. The Dzongkhag had recovered the amount however, the action is yet to be taken. **(AIN: OAAGTS-2025-106; Ob. No. 1.1)**
30. An inadmissible payment of Nu. 1.205 million was made to M/s PELDEN Construction Private Limited for Construction of Warehouse (Potato Integrated Line) at Gangtey, Wangdue Phodrang Dzongkhag implemented by the Department of Planning, Budget & Performance. The excess payment had occurred due to double claims made for work item "*Providing and applying prime coat using bitumen emulsion with an asphalt/bitumen sprayer.*" The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Department is yet to take actions on the issue. **(AIN: GCD-2024-451; Ob. No. 1.1)**
31. Substandard works valuing Nu. 1.099 million were accepted by Phuentsholing Thromde in the Resurfacing Work of Phuentsholing -

Thimphu Primary National Highway from ICP Rinchending till Roundabout awarded to M/s Dhugdral Deyache Construction Private Limited. The RAA observed defects in the work items of '*Providing and laying of Asphalt/Bituminous Concrete*' in some locations of the road. The Thromde was recommended to rectify and submit rectification report. The Thromde is yet to take actions on the issue. **(AIN: OAAGPL-2024-445; Ob. No. 3)**

32. The 20% of the value of incomplete works amounting to Nu. 1.000 million was not recovered by Trashiyangtse Dzongkhag following the termination of contract of Construction of a Four-Unit Staff Quarter at Bumdeling LSS awarded to M/s Rigsum Gonpa Construction. The case is currently pursued through Office of the Attorney General. **(AIN: OAAGSJ-2024-394; Ob. No. 9.2)**
33. Irregular grant of PW Advances of Nu. 1.000 million noted in the Renovation of Chendebji Lhakhang under Trongsa Dzongkhag. The advances were found released to Gup, Tangsibji Gewog at different times. While advance of Nu. 0.300 million was adjusted with the expenditure bills, the amount of Nu. 0.700 million was refunded. The RAA raised concern on excessive advances and furnish justifications for release of excess advances resulting in underutilisation. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 17.1)**
34. An excess payment of Nu. 0.966 million was made in the Construction of 96 Bedded Hostel each for Boys and Girls at Pangna Central School awarded to M/s PKC Construction Private Limited by Dagana Dzongkhag. The excess payment had occurred due to wrong quantification of RCC work, non-deduction of window sill in brick works and excess provision of TMT in columns in substructure and superstructure. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned. The Dzongkhag had notified the Bank of Bhutan to forfeit the Bank Guarantee. **(AIN: OAAGTS-2024-353; Ob. No. 1.1)**
35. The unjustified payment of Nu. 0.993 million was made for site development works in the Construction of a Four-Unit Staff Quarter at Bumdeling LSS awarded to M/s Rigsum Gonpa Construction under Trashiyangtse Dzongkhag. The RAA observed that no Measurement Book and Joint Measurement sheets were maintained to support the payment. The RAA

recommended to furnish details of works completed duly verified by competent authority, failing which the amount to be recovered and deposited into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 9.4)**

36. An overpayment of Nu. 0.991 million was made to M/s Mendigang Construction Private Limited engaged in the Construction of One Storeyed Café at Issuna Recreational Park, Paro implemented by Green Bhutan Corporation Limited (GBCL). The lapses had occurred due to non-recovery/adjustment of security advances from the final bills. The RAA recommended to recover and deposit the amount into Audit Recoveries Account besides taking appropriate action on officials concerned. The GBCL is yet to take actions on the issue. **(AIN: COAD-2024-418, Ob. No. 1)**
37. Material secured advance of Nu. 0.950 million was released to the contractor without supplying the materials at site in the Construction of Suspended Bridge at Bazam on Mangdiphu – Dhur Tshachu awarded to M/s Norbu Karma Construction by Nubi Gewog, Trongsa Dzongkhag. The payment was released by simply recording on the measurement book without verifying materials bills based on the recommendation of the Gup. The case is currently under arbitration with the Bhutan Alternative Dispute Resolution Centre. **(AIN: OAAGB-2024-328; Ob. No. 14.2)**
38. The RAA noted a physical shortage of timber valuing Nu. 0.927 million in the Renovation work of Chendebji Lhakhang under Tangsibji Gewog, Trongsa Dzongkhag. Based on the consumption of timber, the RAA worked out the balance stocked to be 2816.09 cft. which was not physically available. The RAA sought detailed timber consumption report for further review. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 17.4)**
39. Liquidated damages amounting to Nu. 0.849 million was not deducted for the delay in the completion of Construction of Gewog Staff Quarter at Gangzur Gewog awarded to M/s KD Samdrup Construction by Lhuentse Dzongkhag. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-500; Ob. No. 13)**

40. An advance amount of Nu. 0.800 million paid for the Construction of Public Toilet at the National Library, Department of Culture & Dzongkha Development was directly booked as an expenditure. The RAA recommended to submit the completion report of the deposit work, duly verified with necessary supporting documents. The Department is yet to take actions on the issue. **(AIN: SCD-2024-351; Ob. No. 2)**

41. Advances of Nu. 0.762 million were outstanding at Dorji Lingpa Foundation against contractors and suppliers. The advances were due for more than a year. The RAA recommended to expedite the settlement of the outstanding advances. The Foundation had adjusted Nu. 0.683 million, leaving a balance of Nu. 0.079 million. **(AIN: COAD-2024-330, Ob. No. 2)**

42. A rebate of Nu. 0.725 million on account of procurement of HDPE pipes was not collected by Trongsa Dzongkhag from manufacturers and dealers for materials used for the Construction of Creedigang Irrigation Scheme under Korphu Gewog. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 10)**

43. An excess amount of Nu. 0.704 million was made in the Construction of Meeting Hall and Guest House at Weringla Dungkhag Office awarded to M/s Yongphel Builders by Mongar Dzongkhag. The lapses had occurred due to payments made for excess quantities and for items not provided at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue **(AIN: OAAGB-2024-387; Ob. No. 3.1)**

44. The RAA noted execution of items not specified in the BoQ in the Construction of Multi-Sports Hall at Nemjo awarded to M/s Paegyel Construction Private Limited by Paro Dzongkhag. As per the BoQ specifications, windows, doors and other wooden components valuing Nu. 0.692 million are supposed to be provided using champ wood (hardwood) but the item provided was locally available mixed conifer timber. The change in specification of wooden components was neither endorsed by the Dzongkhag Administration nor the differential cost was determined to regulate payment. The RAA recommended to recover the differential

amount and deposit into Audit Recoveries account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 4.1)**

45. One-unit low-cost Family Quarter at Legokha, Paro under Royal Bhutan Police constructed at the cost of Nu. 0.688 million by M/s Sons Builders Private Limited, Thimphu was found completely damaged and rendered inhabitable due to multiple visible cracks on both interior and exterior walls, rooms, plinth protection, and drainage lines. The RAA noted that the structure was constructed on filled ground which was instable. The RBP was recommended to conduct a thorough investigation of the conditions to inform future course of action and also to identify officials responsible for the failed structure. The RBP is yet to take actions on the issue. **(AIN: SCD-2025-103; Obs. No. 3.1 & 3.2)**
46. An excess payment of Nu. 0.646 million on account of price adjustment was made in the Widening/Improvement of Road from Town to Sherubling awarded to M/s Blue Heaven Private Limited by Trongsa Dzongkhag. The excess payment had occurred due to application of Price Adjustment provision for works executed and claims made prior to actual enforcement of notification of the Ministry of Finance. The RAA recommended to recover the amount and deposit into the Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 3.3.1)**
47. An excess payment of Nu. 0.637 million was made in the Construction of MPH and 2-Block Academic Toilet at Dorokha Central School awarded to M/s Ugyen Tsheden Construction under Dorokha Drungkhag, Samtse Dzongkhag. The excess payments had occurred due to differences in the quantities of items paid for and executed at site. The RAA recommended to recover and deposit the amount into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGPL-2024-307; Ob. No. 9.1)**
48. Double payment of Nu. 0.625 million was made in the Construction of Four-Unit Staff Quarter, Twelve-Unit Classroom, and Site Development work at Wanakha Central School awarded to M/s Neten Construction Private Limited by Paro Dzongkhag. The lapses occurred due to double claims made for PPGI roofing. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 5.3)**

49. An excess payment of Nu. 0.621 million was made in the Construction of 10 Bedded Hospital at Nagor Public Health Centre awarded to M/s Sonam Jamtsho & Bros. Private Limited by Mongar Dzongkhag. The excess payment had occurred due to differences in the quantities of work paid for and actually executed at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 4.1)**

50. An excess payment of Nu. 0.611 million was made by Gasa Dzongkhag in the Construction of 3.1 km Farm Road from Ramina to Jazhiphu under Lunana Gewog awarded to M/s Phenden Lham Construction Limited. The excess payment had occurred due to payment for 3,100 metres of road length as against the actual execution of 2,714 metres at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-383; Ob. No. 10.1)**

51. The RAA noted a short recovery of liquidated damages amounting to Nu. 0.602 million in the Construction of Four-Unit Staff Quarter at Khomshar Primary School awarded to M/s Karma Tshering Construction by Zhemgang Dzongkhag. The Dzongkhag was unable to recover the entire applicable liquidated damages due to insufficient final bill amount. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-490; Ob. No. 14.2)**

52. The RAA noted excess payment of Nu. 0.589 million in the Blacktopping of Chhudzom GC Road, Package I awarded to M/s Norzang Construction Private Limited by Sarpang Dzongkhag. The excess payments had occurred due to the incorrect application of the material index. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate action on the official concerned. The Dzongkhag had recovered the amount however, action is yet to be taken. **(AIN: OAAGTS-2025-106; Ob. No. 1.2)**

53. An inadmissible payment of Nu. 0.547 million was made in the Maintenance of Farm Road from Dzongga to Gomchen Bara under Dogar Gewog, Paro Dzongkhag awarded to a community contractor. The lapses had occurred

due to payment for items not provided at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue (**AIN: SCD-2024-336; Ob. No. 15.1**)

54. Defective works worth Nu. 0.522 million were observed in the Construction of Police Station cum Lockup at Gasa, awarded to M/s Lingmu Construction by the Royal Bhutan Police. The defective works were uneven slope of the plinth protection, worn out cement works in front of the building, defective taps, uneven wooden pelmets, substandard acrylic washable distemper and paint works and bulging wall. The RAA recommended to rectify and provide completion report besides taking appropriate actions on officials concerned. The RBP is yet to take actions on the issue. (**AIN: SCD-2025-103; Ob. No. 4.1**)
55. An excess payment of Nu. 0.521 million was made on account of price adjustment in the Widening/Improvement of Road from Town to Sherubling awarded to M/s Blue Heaven Private Limited by Trongsa Dzongkhag. The excess payment had occurred due to the inclusion of advances while computing the price adjustments. The RAA recommended to recover the amount and deposit into the Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-328; Ob. No. 3.3.2**)
56. The RAA noted direct award of machine hiring to M/s Norzang Hiring based on the quotation of year 2022 for the 3 km Major Road Maintenance Work at Zhicha sanitation area executed departmentally by the Natural Resources Development Corporation Limited (NRDCL), Jakar under Karshong Forest Management Unit (FMU), Chumey. The rate offered on direct award was found to be higher than the rate obtained through spot quotation by the FMU, resulting in avoidable expenditure of Nu. 0.466 million. The NRDCL was recommended to furnish additional justification and necessary documents to RAA for further review. The NRDCL is yet to take actions on the issue. (**AIN: OAAGB-2025-238; Ob. No. 3**)
57. Liquidated damages of Nu. 0.463 million was not levied for the delay in completion of Construction of the G+1 Gewog Office and Meeting Hall at Bhodi Chorten, Yusipang, under Chang Gewog, awarded to M/s Peldruk Construction by Thimphu Dzongkhag. The RAA observed that the time extension granted on the reasons of lack of water, difficulty in transportation and change in scope of work could not be considered as justifiable basis for

time extension. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-344; Ob. No. 1.4)**

58. An excess payment Nu. 0.447 million was paid to M/s Tshering Construction Private Limited by Jigme Namgyel Engineering College (JNEC), Dewathang in the Construction of Staff Quarter and Site Development Works at JNEC. The excess payment had occurred due to short execution/non-execution of Reinforce Cement Concrete and brick works. The College was recommended to recover the amount and deposit into Audit Recoveries Account. The College is yet to take actions on the issue. **(AIN: OAAGSJ-2024-516; Ob. No. 2)**
59. The RAA noted short payment of Nu. 0.399 million to the Labour Contractor in the Renovation work of Chendebji Lhakhang under Tangsibji Gewog, Trongsa Dzongkhag. As against the total work done value of Nu. 1.139 million, the contractor was paid Nu. 0.740 million only leaving a balance amount of Nu. 0.399 million due to the contractor. As justified by the Gewog to settle the balance claim through annual grants, the RAA recommended to furnish the copy of details of accounts settlement for review. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 17.5.1)**
60. An inadmissible payment of Nu. 0.390 million was made in the Construction of Multi-Sports Hall at Nemjo awarded to M/s Paegyel Construction Private Limited by Paro Dzongkhag. The RAA noted that the expenditure was booked from the CD Account No. 102161496 during FY 2024-25. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 4.4)**
61. An excess payment of Nu. 0.390 million was made in the Construction of Amphitheatre awarded to M/s Sang Wangling Construction by the Zhemgang Dzongkhag. The excess payment had occurred due to inaccurate rate analysis for those deviated items which exceeded 20% of the BoQ quantities. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-490; Ob. No. 13.1)**

62. An excess payment of Nu. 0.386 million was made to M/s Penjor Logging in the supply of materials to Green Bhutan Corporation Limited (GBCL). The lapses had occurred due to payment made in excess of the claim submitted. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The GCBL is yet to take actions on the issue. **(AIN: COAD-2024-418, Ob. No. 4)**

63. An excess payment of Nu. 0.373 million was made to M/s Pema Juney Construction Private Limited by Jigme Namgyel Engineering College (JNEC), Dewathang in the Construction of Mechanical Lab and Site Development Work at JNEC. The excess payment had occurred due to payment for transportation of loose soil by deducting 15% void instead of 20% as stipulated in the Bhutan Schedule of Rates. The College was recommended to recover the amount and deposit into Audit Recoveries Account. The College is yet to take actions on the issue. **(AIN: OAAGSJ-2024-516; Ob. No. 4.3)**

64. An excess payment of Nu. 0.355 million was made in the construction of Farm Road from Dumdophu to Baligang and Shogaylum to Hechhu under Naja Gewog, Paro Dzongkhag awarded to M/s Nordune Construction. The excess payment had occurred due claim made for excess quantity of earth excavation. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate actions on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 14.2)**

65. The 20% of the value of incomplete works amounting to Nu. 0.327 million was not realised from the contractor upon the termination of contract in the Maintenance of Kamdhar-Nunmaling Irrigation Scheme under Maenbi Gewog awarded to M/s Probluee Construction by Lhuentse Dzongkhag. The RAA recommended to recover the amounts and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-500; Ob. No. 9)**

66. An excess payment of Nu. 0.308 million for construction of Gabion Wall was made in the Blacktopping of Bardho to Khomshar GC road (Package-02) awarded to M/s Chaggwong Construction Private Limited by Zhemgang Dzongkhag. The excess payment had occurred due to difference in the height

and length of the Gabion Wall paid for and actually executed at the site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag had recovered the excess payment however, further action is still pending. **(AIN: OAAGB-2024-490; Ob. No. 15.2)**

67. The RAA noted excess payment of Nu. 0.305 million made to M/s Phuntsho Paljor Builders in the renovation/maintenance of the Shooting Range at Rama, Thimphu by Bhutan Olympic Committee (BOC). The excess payment had occurred due to difference in the quantity paid for and actual quantity executed at site in the plain cement concrete works. The BOC was recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned. The BOC is yet to take actions on the issue. **(AIN: GCD-2024-306; Ob. No. 1.5)**
68. The RAA noted excess payment of Nu. 0.299 million in the Blacktopping of Chhudzom GC Road, Package III awarded to M/s Tacho Construction Private Limited by Sarpang Dzongkhag. The excess payments had occurred due to the incorrect application of the material index. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGTS-2025-106; Ob. No. 2.2)**
69. An unjustified payment Nu. 0.296 million was made to M/s Norzom Hiring for hiring of excavators deployed for breaking boulders for the Construction of 1 km Forest Road at Dawathang undertaken departmentally by Dawathang FMU, Natural Resources Development Corporation Limited (NRDCL), Jakar. The RAA noted that due to non-execution of soling and edging works at site, the stones valuing Nu. 0.296 million could not be put to use. The NRDCL was recommended to provide a course of action to prevent waste of stones. The NRDCL is yet to take actions on the issue. **(AIN: OAAGB-2025-238; Ob. No. 5.01)**
70. An overpayment of Nu. 0.276 million was made to M/s Chimmi RD Construction Private Limited in the Construction of Samdrup Jongkhar Water Supply and Sewerage Project under Secondary Towns Urban Development (BHU-3674), funded by ADB and implemented by the Department of Infrastructure Development, MoIT. The overpayment had

occurred due to payment made at rates higher than the quoted rates for the item of uPVC pipes. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned. The Project had recovered the amount in full but is yet to initiate actions on the officials. (**AIN: ECD-2024-313; Ob. No. 2.2**)

71. An amount of Nu. 0.262 million was not adjusted/recovered from the final bills pertaining to Yartse–Lewachen Farm Road Improvement Project under Khamdang Gewog awarded to M/s Druk Tshenden Builders Private Limited by Trashiyangtse Dzongkhag. The amount was released as part payment against the 8<sup>th</sup> RA Bill which remained unadjusted. The Dzongkhag had recovered Nu. 0.210 million leaving a balance of Nu. 0.052 million. (**AIN: OAAGSJ-2024-394; Ob. No. 10**)
72. An irregular payment of Nu. 0.261 million was made to WAPCOS Limited on account of 20% reimbursement on '*Other Miscellaneous*' expenditures related to company's Head and Site Offices in PHPA-I. The claims included repair of office premises, meeting expenses, and insurance charges, which were not covered under contract agreement. The Project was recommended to further substantiate the payment or recover the amount. The Project is yet to take actions on the issue. (**AIN: ECD-2025-65; Ob. No. 12**)
73. A case of unjustifiable payment aggregating to Nu. 0.243 million to the Labour Contractor was observed in the Renovation work of Chendebji Lhakhang under Tangsibji Gewog, Trongsa Dzongkhag. The RAA recommended to furnish statements of funds allocated and expenditures made and necessary payment vouchers for two direct payments made which were not reflected in the e-PEMS for review. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-328; Ob. No. 17.5.2**)
74. An excess payment of Nu. 0.228 million was made on account of wood carving works in the Renovation of Chendebji Lhakhang under Tangsibji Gewog, Trongsa Dzongkhag. The excess payment had occurred due to non-deduction of Running Account Bills while settling the final claims. The RAA recommended to recover the amount and deposit into Audit Recoveries account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-328; Ob. No. 17.3**)

75. An excess payment of Nu. 0.210 million was made to M/s Pelden Construction Private Limited in the remodelling, renovation and maintenance works executed under College of Zorig Chosum, Trashiyangtse, executed by the Ministry of Education and Skills Development. The excess payment had occurred due to claims made for higher specification of the contractor's claim for G.I posts. The RAA recommended to recover the amount besides initiating appropriate action on the officials concerned. The Ministry is yet to take actions on the issue. (**AIN: SoCD-2024-366; Ob. No. 1.1**)

76. An excess payment of Nu. 0.208 million was made to community contractor Phuntsho Tashi and Group in the Construction of a V-shaped Drain at Garacharang to Chuzomsa Farm Road, under Tangsibji Gewog, Trongsa Dzongkhag. The excess payment had occurred due to difference in the length of the V-shaped drain paid for and actually executed at the site. The RAA recommended to construct V-shaped drain for the remaining length and furnish the completion report or recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-328; Ob. No. 4**)

77. The payment of Nu. 0.202 million was found made to M/s Phuntsho Paljor Builders for non-execution of excavation works in the renovation/maintenance of the Shooting Range at Rama, Thimphu executed by Bhutan Olympic Committee (BOC). The HDPE pipes running from the water source to the shooting range were not excavated and had been left uncovered. The RAA recommended to rectify or recover the amount and deposit into Audit Recoveries Account besides cautioning the official for the lapses. The BOC is yet to take actions on the issue. (**AIN: GCD-2024-306; Ob. No. 1.3**)

78. The RAA noted an excess payment of Nu. 0.193 million in the Blacktopping of Bardho to Khomshar GC road (Package-02) awarded to M/s Chaggwong Construction Private Limited by Zhemgang Dzongkhag. The excess payment had occurred due to application of Wholesale Price Index (WPI) of India for computing Price Adjustment instead of Consumer Price Index (CPI) published by National Statistical Bureau (NSB) of Bhutan. The RAA recommended to seek clarifications from the Ministry of Finance and Ministry of Infrastructure and Transport for the applicability of CPI or WPI for the payment of the price adjustment applying WPI of India. The

Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-490; Ob. No. 15.1**)

79. An excess payment of Nu. 0.192 million was made to M/s Pelden Construction Private Limited in the remodelling, renovation and maintenance works executed under College of Zorig Chosum, Trashiyangtse executed by the Ministry of Education and Skills Development. The excess payment had occurred due to non-execution of Work Items "*Providing & laying Second-Class Half brick Masonry at the Boys' Hostel for shower/toilet partition*" and "*Providing & laying Kota stone flooring at the Principal Quarter*". The RAA recommended to recover the amount besides initiating appropriate action on the official concerned. The Ministry is yet to take actions on the issue. (**AIN: SoCD-2024-366; Ob. No. 1.2**)
80. An excess payment of Nu. 0.192 million was made to M/s Druk Wangyel Traders in the supply of fencing and lighting materials for the Futsal Ground at Zhemgang by Nazhoen Lamtoen. The lapses had occurred due to payment at higher rates compared to the quoted rates and inadmissible transportation charges. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The amount of Nu. 0.100 million was recovered leaving a balance of Nu. 0.092 million. (**AIN: COAD-2025-253; Ob. Nos. 1.1 & 1.2**)
81. An excess payment of Nu. 0.186 million was made in the Construction of RCC Slab Bridge at Garpola under Gongdue Gewog awarded to M/s Norbu Wangdi Construction by Mongar Dzongkhag. The excess payment had occurred due to wrong quantification of TMT Bars for RCC works for footing and stem wall. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-387; Ob. No. 14**)
82. An excess payment of Nu. 0.185 million was made to Community Contractor in the Maintenance of Farm Road at Gaptey under Wangchang Gewog, Paro Dzongkhag on account of "*Providing & Fixing Centering and Shuttering for Formwork.*" The excess payment had occurred due to differences in the quantities of formwork paid for and actually executed at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate actions on the officials concerned. The

Dzongkhag is yet to take actions on the issue. (**AIN: SCD-2024-336; Ob. No. 18**)

83. The RAA observed that eleven numbers of Solar Street Lights valuing Nu. 0.182 million provided in the remodelling, renovation and maintenance works at College of Zorig Chosum, Trashiyangtse, executed by Ministry of Education and Skills Development were not functional. The RAA recommended to either replace the item or recover the equivalent amount and deposit into Audit Recoveries Account. The Ministry is yet to take actions on the issue. (**AIN: SoCD-2024-366; Ob. No. 1.4**)
84. An excess payment of Nu. 0.174 million was made to M/s Nakling Builders Private Limited in the Construction of Prison Cell for Solitary Confinement at Tanalam, Chhukha under Royal Bhutan Police. The excess payment had occurred due to wrong calculation of the volume of earthwork in excavation over areas for retaining wall construction. The RAA recommended to submit additional documents to substantiate and support the claimed quantities. The RBP is yet to take actions on the issue. (**AIN: SCD-2025-103; Ob. No. 5**)
85. Defective works valuing Nu. 0.163 million were accepted by Phuentsholing Thromde in the Realignment Works of Primary National Thimphu - Phuentsholing Highway at Tinkilo awarded to M/s Nagtshang Construction Private Limited. The RAA observed defects in "*Providing and laying mechanised method using asphalt plat, Dense Bituminous Macadam (DBM)*" and "*Providing and laying of Asphalt/Bituminous Concrete.*" The Thromde was recommended to rectify and submit rectification report. The Thromde is yet to take actions on the issue. (**AIN: OAAGPL-2024-445; Ob. No. 4.1**)
86. Inadmissible time extension was granted by the Natural Resources Development Corporation Limited (NRDCL), Jakar in the Construction of a 2 km Forest Road at Chendibji, Trongsa awarded to M/s Wangchuk C Construction. The time extension provided citing landslide were not backed by appropriate documents and hence, insisted to impose liquidated damages of Nu. 0.146 million. The NRDCL was recommended to levy applicable liquidated damages or furnish relevant documents to support time extension. The NRDCL is yet to take actions on the issue. (**AIN: OAAGB-2025-238; Ob. No. 2.01**)

87. An excess payment of Nu. 0.144 million was made in the Construction of Four-Unit Staff Quarter, Twelve-unit Classroom, and Site Development work at Wanakha Central School awarded to M/s Neten Construction Private Limited by Paro Dzongkhag. The excess payment occurred due to errors in application of item rates. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 5.2)**

88. An excess payment of Nu. 0.141 million was made to M/s Pelzang Builders in the Construction of Loading Shed at the exit road at Wangchutaba Plant by the Bhutan Agro Industries Limited (BAIL). The excess payment had occurred due to differences between the quantities of work paid for and executed at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The BAIL is yet to take actions on the issue. **(AIN: COAD-2024-493; Ob. No. 1.1)**

89. An excess payment of Nu. 0.140 million was made in the Construction of Four-Unit Staff Quarter, Twelve-unit Classroom, and Site Development work at Wanakha Central School awarded to M/s Neten Construction Private Limited by Paro Dzongkhag. The excess payment had occurred due to differences in the quantities of work paid for and actually executed at the site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 5.1)**

90. A substandard work valuing Nu. 0.128 million was accepted by the Sherubtse College, Kanglung in the Construction of Access Road and Landscape Development at Sherubtse College awarded to M/s Pema Olo Construction. The RAA noted that the road thickness of 35 mm as specified was not achieved for the parking area located near the two BHK buildings above the sewage tank. The surface aggregate was dislodged and worn out, indicating non-achievement of required degree of compaction for the asphalt/bituminous layer. The College was recommended to rectify the works and furnish the rectification report. The College is yet to take actions on the issue. **(AIN: OAAGSJ-2025-180; Ob. No. 2)**

91. An excess payment of Nu. 0.125 million was made in the Maintenance of Two Units Staff Quarter, Construction of Toilets, Entrance Gate and Site Development works at Konbar Primary School awarded to M/s Tongseng

Construction by Mongar Dzongkhag. The excess payment had occurred due to differences in the quantities of work paid for and actually executed at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides taking appropriate action on officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 9)**

92. An excess payment of Nu. 0.120 million was made in the Construction of Two-Unit 96 Bedded Hostel at Pangna Central School awarded to M/s PKC Construction Private Limited by Dagana Dzongkhag. As against the requirement to provide and fix 35 litres capacity electric water heaters as per BoQ, the Dzongkhag had accepted 15 litres water heaters. The RAA recommended to recover the differential amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned. The Dzongkhag had recovered Nu. 0.069 million leaving a balance of Nu. 0.051 million. **(AIN: OAAGTS-2024-353; Ob. No. 1.2)**
93. An excess amount of Nu. 0.118 million was made in the Construction of G+1 Gewog Office and Meeting Hall at Bhodi Chorten, Yusipang under Chang Gewog awarded to M/s Peldruk Construction by Thimphu Dzongkhag. The excess payment had occurred due to the difference in quantities of earth excavation works paid for and actually executed at site. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-344; Ob. No. 1.1)**
94. The rebates of Nu. 0.117 million were not collected from domestic manufacturers by Samdrup Jongkhar Thromde for the procurement of HDPE and Cement during FY 2023-24 as per the Notifications of the Ministry of Finance. The RAA recommended to expedite the collection and deposit into Audit Recoveries Account. The Thromde is yet to take actions on the issue. **(AIN: OAAGSJ-2025-19; Ob. No. 5)**
95. An excess payment of Nu. 0.116 million was made to M/s Tsherim Builder in the Maintenance of Minister's Office Building by Ministry of Energy and Natural Resources. The excess payment had occurred due to differences in the quantities of uPVC windows claimed and executed at site. The RAA recommended to recover the amount and deposit into Audit Recoveries

Account. The Ministry is yet to take actions on the issue. (**AIN: ECD-2025-62; Ob. No. 1.1**)

96. The rebates aggregating to Nu. 0.114 million on account of procurement of HDPE Pipes was not collected by Bumthang Dzongkhag from manufacturers and dealers in contravention to the Notification of MoF. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-302; Ob. No. 9**)
97. An excess payment of Nu. 0.112 million was made in the Construction of a Multi-Sports Hall at Nemjo awarded to M/s Paegyel Construction Private Limited by Paro Dzongkhag. The excess payment had occurred due to payment for work item of '*French Type Drain*' separately which was included under earth excavation in the BoQ. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. (**AIN: SCD-2024-336; Ob. No. 4.2**)
98. An excess payment of Nu. 0.111 million was made to M/s PELDEN Construction Private Limited for Construction of Warehouse (Potato Integrated Line) at Gangtey, Wangdue Phodrang implemented by the Department of Planning, Budget & Performance. The excess payment had occurred due to differences in the quantity paid for and quantity actually executed at site for Random Rubble Masonry (RRM) wall around the office building. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Department is yet to take actions on the issue. (**AIN: GCD-2024-451; Ob. No. 1.2**)
99. The advances of Nu. 0.111 million pertaining to the Restoration Works of Tshachu executed departmentally by Gasa Dzongkhag was found adjusted without supporting documents of engagement of labourers and machineries. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Dzongkhag had furnished a write-off letter which the RAA could not accept. (**AIN: SCD-2024-383; Ob. No. 2**)
100. An excess payment of Nu. 0.107 million was made to M/s Chimmi RD Construction Private Limited engaged in the Retrofitting ESD Thimphu Office Building by the Electricity Service Division (ESD), Bhutan Power Corporation Limited, Thimphu. The lapses had occurred due to billing on a

square meter basis for installation of uPVC windows instead of the agreed per set rate in the BoQ. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The ESD is yet to take actions on the issue. **(AIN: COAD-2025-248; Ob. No. 2)**

101. Defective work was accepted by Phuentsholing Thromde in the work for Augmentation of Water Supply at Amochu Area awarded to M/s Yeshey T. Denkar Private Limited. The RAA noted water leakages from the joints inside the pump house. The Thromde was recommended to rectify and submit rectification report. The Thromde is yet to take actions on the issue. **(AIN: OAAGPL-2024-445; Ob. No. 5.1)**
102. The RAA noted inactions in addressing the issues related to Electric Vehicle Charging Stations managed by Department of Surface Transport posing operational challenges and breakdowns of some of the stations. Despite complaints from users, the issues are yet to be attended to. The RAA recommended to initiate actions to address the issues and furnish rectification report. While the Department had furnished report on rectification of works, it was not comprehensive to address the issues raised. **(AIN: ECD-2024-368; Ob. No. 4)**
103. The defective works were accepted by Chhukha Dzongkhag in the Construction of 120 Bedded Hostel and Four-Unit Staff Quarter at Pakshikha School awarded to M/s Neten Construction Private Limited. The defects included leakages in the external/internal plumbing works, non-functioning of installed geysers of Four-Unit staff quarters, defects in plinth protection and drains, and voids in the terrazzo concrete flooring works. The RAA recommended to rectify and furnish rectification report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGPL-2024-303; Ob. Nos. 4.2.1, 4.2.2 & 4.2.4)**
104. The substandard RRM wall constructed between hostel and staff quarter was accepted by Chhukha Dzongkhag in the Construction of 120 Bedded Hostel and Four-Unit Staff Quarter at Pakshikha School awarded to M/s Neten Construction Private Limited. Due to collapse of wall and plinth protection, the school could not use the hostel building as on date of audit. The RAA recommended for immediate rectification and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGPL-2024-303; Ob. No. 4.2.3)**

105. The defective works were accepted by Lhuentse Dzongkhag in the Improvement of Farm Road from Takila to Rawabi under Meanbi Gewog awarded to M/s Sonam Jamtsho & Bros Construction Private Limited. The defects included scouring of GSB works at some stretches of farm road and erosion of causeway exposing TMT bars. The RAA recommended to initiate immediate rectification of the works and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-500; Ob. No. 7)**

106. The defective works were accepted by Lhuentse Dzongkhag in the Improvement of Farm Road from Domarchen to Ladrong under Jarey Gewog, Package I', awarded to M/s Sonam Jamtsho & Bros Construction Private Limited. The defects included damaged L-Drains and causeways eroded and loosen out. The RAA recommended to initiate immediate rectification of the works and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-500; Ob. No. 8)**

107. The defective works in the Blacktopping of Urban Road from Yangtse Throm to Hospital awarded to M/s Sonam Jamtsho & Bros Construction Private Limited were accepted by Trashiyangtse Dzongkhag. The defects included scouring and cracks on the Dense Bituminous Mcadam (DBM) works. The RAA recommended to initiate rectification of the works and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-394; Ob. No. 11)**

108. The RAA noted instance of issuance of technical sanctions and preparation of estimates without requisite structural, electrical, plumbing and sanitation drawings for the Construction of Weringla Dungkhag Office awarded to M/s Yongphel Builders by the Mongar Dzongkhag. Only the Architectural Drawings were made available at the time of audit. Upon enquiry with the concerned site engineer, it was given to understand that the estimates for civil and plumbing works were prepared based on the Architectural Drawings which indeed are not practicable without these specific drawings. The RAA sought clarifications from competent authorities on appropriateness of such practice of preparing estimates based on architectural drawings and recommended the Dzongkhag to initiate appropriate actions on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 2.1)**

109. Defective works were accepted in the Construction of Weringla Dungkhag Office awarded to M/s Yongphel Builders by Mongar Dzongkhag. The defects included cracked toilet pots, bends and gaps in the aluminium frames for windows and the wooden frames, stained plywood due to leakage from the roof, and water leakages in the toilets. The RAA recommended to rectify the work and furnish report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 2.4)**

110. Defective works were observed in the Construction of Meeting Hall and Guest House at Weringla Dungkhag Office awarded to M/s Yongphel Builders. The defects included cracks in the walls, bends and gaps observed in the aluminium frames for windows and the wooden frames, and plywood ceiling provided was found stained with rain water due to leakage from the roof. The RAA recommended to rectify the work and furnish report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 3.2)**

111. Defective works were accepted in the Construction of Four-Unit Staff Quarter, Twelve-Unit Classroom, and Site Development work at Wanakha Central School awarded to M/s Neten Construction Private Limited by Paro Dzongkhag. Defects were observed in plumbing works resulting in deteriorated wall paint and plasters of the internal walls. The RAA recommended to rectify the work and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 5.5)**

112. The RAA noted acceptance of substandard works in the Laying of GSB for the Maintenance of Farm Road from Jadhingkha to Jela Dzong, Dopshari Gewog, awarded to Yanglay and Group by Paro Dzongkhag. The works were not executed as per the BoQ specifications resulting in several defects like potholes, undulations and exposed sub-base at several locations. The RAA recommended to rectify the work and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 11)**

113. The detailed estimates and technical sanctions for the Construction of Farm Road from Dumdophu to Baligang and Shogaylum to Hechhu under Naja Gewog awarded to M/s Nordune Construction was not produced to RAA for verification. The RAA recommended to furnish the detailed estimates and technical sanction for verification. The Gewog is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 14.1)**

114. Defective and substandard works were found accepted in the Maintenance of Farm Road from Dzongga to Gomchen Bara under Dogar Gewog, Paro Dzongkhag awarded to community contractor Ugyen Chophel and Group. The works were executed without adhering to the BoQ specifications resulting in defects like undulations and exposed surface at various locations. The RAA recommended to rectify the work and furnish the report. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 15.2)**

115. Paro Dzongkhag had not produced the detailed estimates and the Technical Sanction for Construction of Farm Road at Jabisa under Dogar Gewog awarded to the Community Contractor Pemba and Group. The RAA recommended to furnish detailed estimates and technical sanctions for review. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 16)**

116. The RAA noted significant delays in the completion of the Pelrigang-B Irrigation Channel awarded to M/s National Builder under Chhudzom Gewog, Sarpang Dzongkhag. The RAA recommended to expedite the progress or to invoke termination clauses as per the contract. The Dzongkhag stated that the committee could not decide to terminate the work because the value of work completed was significantly less than the payment made. **(AIN: OAAGTS-2025-106; Ob. No. 8)**

117. The RAA observed non-execution of items as per specification in the Construction of a 10 Bedded Hospital at Nagor Public Health Centre executed by M/s Sonam Jamtsho & Bros. Private Limited under Mongar Dzongkhag. For the work item '*Providing & Fixing of uPVC window with 6 mm clear glass (double-glazed) Window Frames, Shutters of approved shades for sliding window frames and shutters*', 10 mm toughened glass was provided. Similarly, for the work item '*Providing & Fixing a 50 mm thick block board on both sides by inserting a lead lining 2 mm thick within the shutter*', 45 mm thick board was provided. The RAA recommended to furnish a copy of the endorsement of the Dzongkhag Tender Committee and work out the cost difference between 50 mm and 45 mm particle board door shutters and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 4.3)**

118. The RAA noted instances of non-execution of HDPE pipe work as per specification in the renovation/maintenance of the Shooting Range at Rama, Thimphu executed by M/s Phuntsho Paljor Builders. Although the specification provided was for 32 mm pipes, the contractor provided pipes of 20 and 25 mm at site. The RAA recommended to initiate rectification of the works and furnish rectification report. The BOC is yet to take actions on the issue. **(AIN: GCD-2024-306; Ob. No. 1.4)**

119. Substandard works were accepted by Thimphu Thromde in the Construction of 18 Units Classroom Block and Improvement Works at Yangchenphu Higher Secondary School and Site Development Work awarded to M/s Jigme Dorji Construction Private Limited. The defective drainage work had resulted in seepage formation in working room & discussion room located in the basement of the building causing discolouration of the walls with damp patches. The RAA recommended to rectify and submit the rectification report besides taking appropriate action on the officials concerned. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. No. 2.1)**

120. Substandard works were accepted by Thimphu Thromde in the Infrastructure Development in South City, Thimphu Thromde, awarded to M/s Samphel Dhendup Construction. The substandard works included deterioration of road surface and drainage blockage at various locations. The Thromde was recommended to rectify and submit the rectification report besides taking appropriate action on the officials concerned. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. Nos. 4.1, 4.2 & 4.3)**

121. Defective works were accepted by Thimphu Thromde in the Development of Centenary Farmer's Market Area and Improvement of Road within Thimphu Thromde, awarded to M/s OST Construction Private Limited. The defects included surface deterioration and uneven road surface at various locations. The Thromde was recommended to rectify and submit rectification report. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. Nos. 5.1, 5.2 & 5.3)**

122. A substandard Speed-Breaker Bump was accepted by Thimphu Thromde in the Improvement and Resurfacing of Babesa Old Highway awarded to M/s P. Gyetshen Construction Private Limited. The uneven

bump on the road stretch did not conform to standard construction practices in terms of alignment, surface uniformity, and finishing. The Thromde was recommended to rectify and submit rectification report. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. No. 7)**

123. Defective works were accepted by the Natural Resources Development Corporation Limited (NRDCL), Jakar, in the Construction of a 3 km Forest Road under Rodongla Forest Management Unit, Tang, awarded to M/s Sonam T Construction. The defects included substandard hammer-dressed stones in the Dry Rubble Masonry walls in catch pits, walls and aprons. The RAA recommended to rectify and submit rectification report. The NRDCL is yet to take actions on the issue. **(AIN: OAAGB-2025-238; Ob. No. 1.02)**

### C. Procurement of Goods and Supplies

Of the total irregularities of Nu. 9,978.867 million reported under Errors, Nu. 32.310 million pertained to the Procurement of Goods and Supplies. Within this, Ministries recorded the highest irregularities amounting to Nu. 17.520 million, followed by Corporations and Financial Institutions with Nu. 10.400 million, representing 54.22% and 32.19% respectively, as shown in **Table 6**.

Table 6: Irregularities in Procurement of Goods and Supplies by Agency Type

Sl. No.	Agency Type	No. of Cases	Amount (Nu. in million)
1	Ministries	23	17.520
2	Corporations and Financial Institutions	5	10.400
3	Dzongkhags	29	4.190
4	Autonomous Agency	5	0.141
5	Civil Society Organisations, Non-Governmental Organisations and Religious Organisations	2	0.041
6	Armed Forces	1	0.019
<b>Total</b>		<b>65</b>	<b>32.310</b>

1. The RAA noted equipment worth Nu. 5.436 million lying idle under the National Post Harvest Centre, Paro. The RAA observed that several equipment procured in previous FYs were lying idle in the store. Upon inquiry, it was understood that some of this equipment has not been put into use since its acquisition. The RAA recommended to put that equipment to use and submit equipment utilisation report for review. The Centre is yet to take actions on the issue. **(AIN: ECD-2025-83; Ob. No. 5)**

2. The RAA noted the procurement of Toyota Coaster Bus worth Nu. 5.300 million by Regional Immigration Office (RIO), Phuentsholing from STCBL. The bus, which was delivered on 2 February 2024, was returned to the STCBL on 4 July 2024 due to excessive engine oil consumption. Despite being covered by the warranty, the STCBL has neither repaired nor replaced the bus. The RAA recommended to follow up with STCBL to deliver a new vehicle or repair the defects as per the supply terms. The RIO is yet to take actions on the issue. **(AIN: OAAGPL-2024-400; Ob. No. 2)**
3. The RAA observed the Blast Freezers worth USD 60,713.00 supplied to Chhukha and Samdrup Jongkhar Dzongkhags through UNDP Projects by the Department of Livestock, MoAL, to support the storage of poultry and meat products lying non-operational. The prolonged idleness had resulted due to absence of independent transformers required to support the blast freezers for optimal performance and longevity. The RAA recommended to expedite the usage of the blast freezers. The Ministry is yet to take actions on the issue. **(AIN: ECD-2024-499; Ob. No. 1)**
4. The RAA noted unutilised 29.38 metric tons of Gumasokha wheat seed valuing Nu. 1.469 million procured by National Seed Centre in FY 2021-22 at Bajo Farm Centre and Integrated Seed Production facility, Paro. These seeds are nearing expiration, risking quality deterioration. The RAA recommended prompt interventions to avoid further degradation of seed and financial loss. The Centre is yet to take actions on the issue. **(AIN: ECD-2025-83; Ob. No. 4)**
5. Equipment worth Nu. 1.454 million supplied by the DAMC, MoAL to the Organic Sales Outlet at Paro had remained unutilised. The RAA observed that Organic Sales Outlet which was actually intended to be leased out to Mountain Café, Paro, remained idle owing to disagreements regarding the fixation of lease rent between DAMC and MoF. The RAA recommended to follow up with Mountain Café regarding the utilisation of the equipment and furnish the report. The Department is yet to take actions on the issue. **(AIN: ECD-2024-499; Ob. No. 3)**
6. The GIMS was not put into use to record/register the non-expendable items by Pangkhar Gewog under Zhemgang Dzongkhag. As a result, non-expendable items worth Nu. 0.649 million procured and issued to various schools and offices have remained unrecorded/registered in the system. The

RAA recommended to update/record all the non-expendable items in the GIMS and submit the evidence of utilisation of the system to the RAA for verification. **(AIN: OAAGB-2024-490; Ob. No. 26)**

7. The RAA observed an advance of Nu. 0.500 million adjusted through a Journal Voucher without proper supporting documents like invoices/bills by the Samdrup Jongkhar Dzongkhag. The advance was released for purchasing ginger rhizomes from the local suppliers. The RAA recommended to substantiate the adjustment with necessary invoices/bills duly acknowledged by the supplier or recover the amount and deposit into Audit Recoveries Account. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGSJ-2024-385; Ob. No. 2)**
8. HDPE pipes valuing Nu. 0.443 million purchased for the Water Project under Trong Gewog, Zhemgang Dzongkhag, had remained idle due to delay in the execution of the work. The RAA observed that Gewog Administration had not commenced the work even after a year of purchase of the materials. The RAA recommended to expedite the start of the work and furnish the completion report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-490; Ob. No. 22)**
9. The RAA noted double payment of Nu. 0.376 million to M/s Dhejung Feeds by the Regional Pig & Poultry Breeding Centre, Lingmethang, Mongar. The payment for challan No. 515 was made twice to the supplier. The Centre was recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate action on the official concerned. The Centre is yet to take actions on the issue. **(AIN: OAAGB-2025-179; Ob. No. 1)**
10. An avoidable expenditure of Nu. 0.199 million was incurred by Saling Gewog under Mongar Dzongkhag for transporting HDPE pipes from Paro to Lingmethang for the RWSS rehabilitation project. The costs could have been saved if the pipes were sourced locally from M/s New Life Enterprise in Mongar rather than procuring from M/s Leewang Enterprise in Paro, incurring transportation charges. The RAA recommended to review the quality of the supplied pipes as the quality was cited as the reason for sourcing the HDPE pipes from Paro and furnish a report. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-387; Ob. No. 16)**

11. A rebate of Nu. 0.195 million on account of procurement cement was not collected by Zhemgang Dzongkhag from manufacturers and dealers. This had occurred due to inadequacies in the monitoring of the enforcement of the notification when purchases were initiated. The RAA recommended to process for the applicable rebates and deposit into Audit Recoveries Account besides taking appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-490; Ob. No. 9)**

12. The GIMS was not put into use to record/register the non-expendable items by Bardo Gewog under Zhemgang Dzongkhag. As a result, non-expendable items worth Nu. 0.984 million procured and issued to various schools and offices have remained unrecorded/registered in the system. The RAA recommended to update/record all the non-expendable items in the GIMS and submit the evidence of utilisation of the system to RAA for verification. **(AIN: OAAGB-2024-490; Ob. No. 23)**

#### **D. Procurement of Services**

Of the total irregularities of Nu. 9,978.867 million reported under Errors, Nu. 25.776 million pertained to Procurement of Services. Within this, Autonomous Agencies recorded the highest irregularities amounting to Nu. 24.439 million, followed by Ministries with Nu. 0.832 million, representing 94.81% and 3.23% respectively as shown in **Table 7**.

Table 7: Irregularities in Procurement of Services by Agency Type

Sl. No.	Agency Type	No. of Cases	Amount (Nu. in million)
1	Autonomous Agencies	1	24.439
2	Ministries	5	0.832
3	Hydropower Projects	1	0.331
4	Civil Society Organisations, Non-Governmental Organisations and Religious Organisations	2	0.168
5	Dzongkhags	2	0.007
6	Corporations and Financial Institutions	1	0.000
<b>Total</b>		<b>12</b>	<b>25.776</b>

1. A private consultancy firm, M/s White Cypress Associates was paid Nu. 0.660 million to prepare detailed architectural, structural, plumbing, electrical, and site development designs for a low-cost housing project in Thimphu, incorporating green building concepts under the project 'Building

Climate Resilience of Urban Systems through Ecosystem-based Adaptation in the Asia-Pacific region' funded by UNEP, implemented by Ministry of Energy and Natural Resources in collaboration with Thimphu Thromde. However, the consultant's designs were not used; instead, in-house designs were applied for the project, rendering the consultancy expenditure wasteful. This issue had also been raised in FY 2022-23 audit but was considered settled based on assurances that the consultant's designs would be used in FY 2023-24. The RAA recommended to prioritise the use of these designs for tangible implementation and providing evidence of progress for review. The Project is yet to take actions on the issue. (**AIN: ECD-2024-417; Obs. No. 1**)

2. The RAA noted excess payment amounting to Nu. 0.171 on account of issue of fuel to vehicles of Rigsum Goenpa Restoration Project, Trashiyangtse. The payments were made without verifying their odometer and hour meter readings where the reading in the log book was higher than the actual hour reading. The RAA recommended to recover the amount and deposit into Audit Recoveries Account. The Project is yet to take actions on the issue. (**AIN: OAAGSJ-2025-136; Obs. No. 1**)

## E. Human Resource Management

Of the total irregularities of Nu. 9,978.867 million reported under Errors, Nu. 52.056 million pertained to Human Resource Management. Within this, Hydropower Projects recorded the highest irregularities amounting to Nu. 33.802 million, followed by Dzongkhags with Nu. 6.816 million, representing 64.93% and 13.09% respectively, as shown in **Table 8**.

Table 8: Irregularities in Human Resource Management by Agency Type

Sl. No.	Agency Type	No. of Cases	Amount (Nu. in million)
1	Hydropower Projects	3	33.802
2	Dzongkhags	38	6.816
3	Autonomous Agency	14	4.840
4	Corporations and Financial Institutions	21	3.875
5	Ministries	30	1.522
6	Civil Society Organisations, Non-Governmental Organisations and Religious Organisations	2	1.061
7	Armed Forces	2	0.140

<b>Total</b>	<b>110</b>	<b>52.056</b>
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1. An amount of Nu. 21.601 million was paid as the Deputation Allowance to 93 employees of the Druk Hydro Energy Limited for three years 2022-2024. The RAA noted that the employees are primarily from the Druk Green Power Corporation Limited (DGPC) head office or either hydropower plants within DGPC and since Druk Hydro Energy Limited is subsidiary company of DGPC and undertakes the mini-hydropower projects on behalf of DGPC, the provision of deputation allowances seems not relevant. The DGPC was recommended to find alternative ways like temporary transfers of the staff to DHyE wherever feasible to avoid payment of deputation allowances considering the financial implications in the long run. The DGPC is yet to take actions on the issue. **(AIN: OAAGTS-2025-212; Ob. No. 1)**
2. The financial obligation of Nu. 3.471 million for Long Term Training from a School Teacher was not realised by the Lhamoizingkha Drungkhag. The RAA observed that the Teacher had resigned from the service before fulfilling the training obligations. The RAA recommended to initiate recovery of the amount and deposit into Audit Recoveries Account. The Dzongkhag had recovered Nu. 0.500 million, leaving a balance of Nu. 2.971 million. **(AIN: OAAGTS-2024-353; Ob. No. 6)**
3. The RAA noted an irregular expenditure of Nu. 2.438 million on account of pay revision in the Bhutan Board Product Limited, Phuentsholing. The methodology adopted for determining the formula for increment was implemented without the Board's formal approval or any guiding documents. The RAA recommended the management to legitimise the pay increment through due process of approval from the competent authority. **(AIN: OAAGPL-2025-91; Ob. No. 2.1)**
4. The RAA noted employee separation benefits amounting to Nu. 1.711 million not being recognised by the Bhutan For Life Secretariat in the financial statements as future liabilities. The benefits include separation grants, travel allowances and transportation charges due to eligible employees. This has led to understatement of liabilities and inaccurate financial reporting. The RAA recommended to recognise and account the separation benefits in line with its internal service rules to ensure transparency, compliance and accurate financial reporting. The Secretariat is yet to take actions on the issue. **(AIN: COAD-2025-107; Ob. No. 1)**

5. An inadmissible payment of Nu. 0.872 million was paid to three officials on account of carriage charges of personal effects by the National Hospital Service (NHS), Thimphu & Bhutan Liaison Office, Vellore, India. The RAA noted that the officials had claimed carriage of personal effects for the transportation by air/road in addition to the lump sum charges in contravention to the Pay Structure Reform and Pay Revision for Public Servants. The NHS had recovered Nu. 0.476 million leaving a balance of Nu. 0.396 million. **(AIN: SoCD-2025-69; Ob. No. 3)**
6. The RAA noted inadmissible payment of Nu. 0.674 million on account of monthly salary and allowances paid to two School Teachers who were officially relieved from service by Dorokha Drungkhag under Samtse Dzongkhag. The inadmissible payment had occurred due to lack of proper communication between the HR Section and Accounts Section. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGPL-2024-307; Ob. No. 8)**
7. The RAA noted non-deposit of provident funds amounting to Nu. 0.594 million for four consecutive years till 2023 by the Handicraft Association of Bhutan. The RAA recommended to deposit the amount to RICB and notify the RAA. The Association is yet to take actions on the issue. **(AIN: COAD-2024-314; Ob. No. 2)**
8. The RAA noted non-remittance of health contributions and salary tax totalling Nu. 0.467 million by Handicraft Association of Bhutan. The RAA recommended to deposit the amount to RRCO and inform RAA. The Association is yet to take actions on the issue. **(AIN: COAD-2024-314; Ob. No. 1)**
9. The RAA noted inadmissible payment of daily allowance amounting to Nu. 0.366 million by Trashiyangtse Dzongkhag to its officials for travel undertaken to nearby locations. The RAA assessed the purpose of these travels and determined that all tasks could reasonably be completed within a single day, allowing officials to return to their workplace. The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate actions on the officials concerned.

The Dzongkhag had recovered Nu. 0.354 million leaving a balance of Nu. 7,030.87. **(AIN: OAAGSJ-2024-394; Ob. No. 6)**

10. An inadmissible payment of Nu. 0.243 million was made to 18 employees of Bhutan Board Product Limited (BBPL), Phuentsholing by inclusion of the Field Allowances provision in the Pay Revision Order without board approval. The RAA recommended to submit the formal approval from the Board to regularise the payment. The BBPL is yet to take actions on the issue. **(AIN: OAAGPL-2025-91; Ob. No. 2.2)**
11. The RAA observed inadmissible payment of Nu. 0.204 million on account of monthly salary and other allowances by the Paro Dzongkhag. The payments were released to a Teacher of Shari Higher Secondary School till the end of June 2023 despite his unauthorised absence from 14 March 2023 due to delay in reporting the unauthorised absence of the official by the concerned School Principal to the Dzongkhag Authorities. The RAA recommended to recover the inadmissible amount and deposit into Audit Recoveries Account besides reprimanding the School Principal for failing to inform the Dzongkhag on time. The Dzongkhag is yet to take actions on the issue. **(AIN: SCD-2024-336; Ob. No. 1)**
12. An amount of Nu. 0.166 million was granted as a premature salary increment to employees of the Food Corporation of Bhutan Limited (FCBL) in commemoration of 50 years of dedicated service to the nation without obtaining prior approval from the Board. The RAA noted that the Board has directed the discontinuation of the increment and recovery of the amount but the management has adjusted from the supplier's bonus contribution of Nu. 0.470 million reportedly offered by M/s Jyothy Labs Limited. The bonus received was neither disclosed in the financial statements nor was formal approval obtained from the Board regarding its use for adjusting the premature increment. The FCBL was recommended to obtain formal approval from the Board for adjusting the recoveries from the bonus besides initiating appropriate action on the official concerned. The FCBL is yet to take actions on the issue. **(AIN: OAAGPL-2025-203; Ob. No. 1.1)**
13. The RAA observed payment of full monthly salary aggregating to Nu. 0.102 million to those separated civil servants for serving some extra days beyond the official relieved date by Zhemgang Dzongkhag. The Dzongkhag had paid full salaries for a month instead of compensating them on a pro-rata basis.

The RAA recommended to recover the amount and deposit into Audit Recoveries Account besides initiating appropriate action on the officials concerned. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-490; Ob. No. 6)**

14. The RAA observed that ten government officials and four local government representatives of Zhemgang Dzongkhag made an exposure trip to Nagaland, India from 3 to 11 December 2023 without obtaining the audit clearance certificate prior to proceeding on the trip. While 10 participants submitted the clearance after performing the trip, four had failed to obtain the audit clearance. The case will be referred to the RCSC for appropriate action. **(AIN: OAAGB-2024-490; Ob. No. 2.2)**

## G. Property Management

Of the total irregularities of Nu. 9,978.867 million reported under Errors, Nu. 255.839 million pertained to Property Management. Within this, Civil Society Organisations, Non-Governmental Organisations and Religious Organisations recorded the highest irregularities amounting to Nu. 188.226 million, followed by Hydropower Projects with Nu. 26.955 million, representing 73.57% and 10.54% respectively, as shown in **Table 9**.

Table 9: Irregularities in Property Management by Agency Type

Sl. No.	Agency Type	No. of Cases	Amount (Nu. in million)
1	Civil Society Organisations, Non-Governmental Organisations and Religious Organisations	6	188.226
2	Hydropower Projects	3	26.955
3	Dzongkhags	21	14.478
4	Ministries	33	13.152
5	Autonomous Agency	28	9.943
6	Corporations and Financial Institutions	25	3.084
<b>Total</b>		<b>116</b>	<b>225.839</b>

1. The RAA noted an avoidable payment of Nu. 45.708 million under PHPA-I due to award of work to contractors without confirming the availability of the work fronts. The RAA computed total financial implications based on the cost of contract renewal and reimbursement for extended bank guarantee and insurance in respect of contract work of Design, Engineering, Supply, Erection, Testing and Commissioning of 400 kV XLPE Insulated Power

Cables awarded to M/s Sudkabel GmbH. This oversight led to unnecessary costs and significant delays in subsequent Electro-Mechanical contracts. The contract initially awarded in May 2011 could be commenced only in June 2021 due to non-availability of work fronts. **(AIN: ECD-2025-65; Ob. No. 13)**

2. The RAA noted the acceptance of defective work in the Construction of Water Distribution Network in Simtokha E-4 Area, implemented under the Water Flagship Program and awarded to M/s Deyjung Construction Private Limited by Thimphu Thromde. The distribution network constructed at a cost of Nu. 35.665 million, failed to achieve its intended objective of supplying drinking water due to the absence of proper pressure analysis. Furthermore, pipelines worth Nu. 13.987 million were found to have burst at several locations, attributed to structural weaknesses and pressure inconsistencies. The RAA recommended to ensure the functional commissioning of the distribution network and submit a rectification report on the defective pipelines. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. No. 9.1)**
3. The 8.160 km Kella-Tangsibji Farm Road under Tangsibji Gewog, Trongsa Dzongkhag which was constructed at a cost of Nu. 18.560 million was undertaken without having a connecting motorable bridge over the river. With no proper plan for a new bridge in immediate future, the optimum use of the Farm Road cannot be achieved, resulting in eventual wasteful expenditure. The RAA recommended to submit a concrete and comprehensive plan for a motorable bridge. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGB-2024-328; Ob. No. 8)**
4. The RAA noted instances of non-accountal of Electric Vehicle Charging Station structures and related items procured between 2022 to 2024 amounting to Nu. 9.987 million in the GIMS by the Ministry of Infrastructure and Transport. The RAA recommended to update/record all the items in the GIMS and submit the report for verification. The Ministry had recorded only 23 out of 43 DC chargers for electric vehicles, and 14 out of 20 AC chargers in the GIMS. **(AIN: ECD-2024-368; Ob. No. 5)**
5. The Shooting Range at Rama, Thimphu renovated at a cost of Nu. 7.761 million by M/s Phuntsho Paljor Builders had remained idle and underutilised by the Bhutan Olympic Committee (BOC). The facilities developed significant cracks and damage in the building and its auxiliary

facilities before it could be inaugurated and made operational. The structure was completed and handed over to BOC in January 2023, at a total cost of Nu. 32.398 million funded by the Government of India. The RAA recommended BOC and the Bhutan Shooting Federation to provide a clear and actionable plan for the immediate and effective use of the Shooting Range. The BOC is yet to take actions on the issue. **(AIN: GCD-2024-306; Ob. No. 1.1)**

6. An inventory of the furniture/equipment worth Nu. 3.719 million procured in FY 2023-24 were not recorded in the GIMS by the Royal Bhutanese Embassy (RBE), New Delhi. The RAA recommended to identify all fixed assets and other non-consumable assets procured in FY 2023-24 and prior years and record in the GIMS to ensure accurate and complete asset management. The RBE is yet to take actions on the issue. **(AIN: SCD-2025-235; Ob. No. 1)**
7. The RAA noted instances of two non-functional Farm Tractors valuing Nu. 1.871 million acquired in the year 2022 under Uesu Gewog, Haa Dzongkhag. The RAA recommended to carry out immediate maintenance of the farm tractors and put them to use. The Gewog had surrendered one of the tractors to the Dzongkhag. **(AIN: OAAGPL-2024-308; Ob. No. 2)**
8. Non-functional equipment valuing Nu. 1.633 million were observed under Tshelungkha Milk Processing Unit, Yangthang Milk Processing Unit and Highlander Sales Counter of Haa Dzongkhag. The lapses had occurred due to lack of monitoring and sensitisation on the use and ownership of the equipment by the concerned Sector. The RAA recommended to carry out a cost-benefit analysis to determine the cost-effectiveness of repairing and reusing the equipment, if not, surrender to DPP. The Dzongkhag had informed surrender of one Milk Processing Unit, for which a copy of surrender letter, along with the list of non-functional equipment was not furnished. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGPL-2024-308; Ob. Nos. 1.1, 1.5 & 1.6)**
9. The RAA noted under-utilisation of equipment valuing Nu. 1.393 million due to non-operation of the Balamna Milk Processing Unit (MPU) in Samar Gewog, Haa Dzongkhag. The RAA recommended to handover all equipment to other MPUs and strategising the use of the constructed structure for

public benefit. The Dzongkhag is yet to take actions on the issue. **(AIN: OAAGPL-2024-308; Ob. No. 1.2)**

10. The RAA noted a possible wasteful expenditure of Nu. 0.979 million spent on Wet Mix Macadam (WMM) in the Infrastructure Development in North City (Package-1), constructed by M/s Deyjung Construction Private Limited under Thimphu Thromde. The RAA noted numerous potholes due to insufficient layer thickness or improper bonding in the WMM layer, depressions and rutting, especially along wheel paths, likely caused by substandard materials or lack of proper compaction & breakage along the road edges, indicating poor edge support and insufficient consolidation during construction. The Thromde was recommended to rectify the defective work and furnish the report. The Thromde is yet to take actions on the issue. **(AIN: SCD-2025-25; Ob. No. 6.1)**
11. An amount of Nu. 0.545 million incurred in supply and installation of customised standardised furniture at Gyaltsuen Jetsun Pema Wangchuck Mother and Child Hospital, awarded to National Housing Development Corporation Limited, was a wasteful expenditure. The RAA noted that out of 71 sets of customised floating shelves (wooden) procured, 69 sets were kept idle. The RAA recommended to make effective use of the procured items and submit the utilisation report. The Hospital is yet to take actions on the issue. **(AIN: SoCD-2025-69; Ob. No. 2)**
12. A vehicle valuing Nu. 0.350 million was not registered in the name of Do-Ngak Lotus Foundation, Thimphu. This is in violation of the provisions of the Religious Organisations Act of Bhutan 2007, which mandates that ownership of properties be registered in the name of the religious organisation. The RAA recommended to initiate the process of transferring ownership and furnish a copy of the registration certificate. The Foundation is yet to take actions on the issue. **(AIN: COAD-2024-442; Ob. No. 1)**
13. The RAA noted instances of under-utilisation of water collection chamber and the intake tank constructed at a cost of Nu. 0.207 million under Wangchang Gewog, Paro Dzongkhag. The scheme executed by the Community Contractor was unsuccessful due to differences in alignment of the intake tank and pipeline. The RAA recommended to furnish a detailed plan for the utilisation of structure to prevent wasteful expenditure. The

Dzongkhag is yet to take actions on the issue. (**AIN: SCD-2024-336; Ob. No. 20**)

14. The RAA observed that the construction of a porch at Hotel TLT has encroached on the adjacent plot and public space, which violates the conditions outlined in the porch construction approval letter issued by Samdrup Jongkhar Thromde. The RAA recommended to address the issue in line with standing norms and furnish the report. The Thromde had issued a notification to the concerned individual for the dismantling of the encroached structure. (**AIN: OAAGSJ-2025-19; Ob. No. 7**)
15. The RAA noted non-accountal of assets/equipment acquired by the Department of Air Transport, MoIT, Paro, in the GIMS. The RAA recommended to update/record all the items in the GIMS and submit the report. The Department is yet to take actions on the issue. (**AIN: ECD-2024-481; Ob. No. 6**)
16. The RAA noted instances of non-accountal of non-expendable items in GIMS by Tang Gewog, Bumthang Dzongkhag. The RAA recommended to update/record all the non-expendable items in the GIMS and furnish completion report. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGB-2024-302; Ob. No. 10**)
17. The RAA noted operation of Yangthang Milk Processing Unit in Bjee Gewog, Haa Dzongkhag, constructed on private land without any formal agreement. The RAA raised concerns on future complications arising in the absence of any formal agreement. The RAA recommended to reach out for agreed solutions to prevent complications that may potentially arise in future. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGPL-2024-308; Ob. No. 1.3**)
18. The RAA noted instances of Milk Processing Units (MPU) under Samdrup Jongkhar Dzongkhag, constructed mostly on Government land without proper documents and paying lease rents. Since no lease agreements or approval by the Dzongkhag, Thromde or National Land Commission were made available for review, the exact amounts of lease rents owed by MPUs could not be determined. The RAA recommended to assess unpaid dues and deposit into Audit Recoveries Account besides furnishing approvals of the

relevant authorities. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGSJ-2024-385; Ob. No. 7**)

19. Land ownerships (Tharms) for some land and structures constructed by the Government under Trashiyangtse Dzongkhag, were not acquired and documented. Consequently, payment of land tax or lease rents were not affected. The RAA recommended to expedite the registration of properties. The Dzongkhag is yet to take actions on the issue. (**AIN: OAAGSJ-2024-394; Ob. No. 8**)
20. The RAA noted instances of non-accountal of fixed assets such as land and buildings in the GIMS by Dzongkhag and Gewog under Thimphu Dzongkhag. The RAA recommended to update/record all the non-expendable items in the GIMS and furnish the report. The Gewogs and Dzongkhag are yet to take actions on the issue. (**AIN: SCD-2024-344; Ob. No. 4**)

## 4. CONCLUSION

The RAA had issued an unmodified (clean) opinion on the AFS of the RGoB for FY 2024-25. The AAR was prepared from 214 audit reports with observations.

The audit findings under the categories of Fraud and Errors reveal lapses in the public sector operations and public financial management system, including areas of procurement of works and goods, revenue management, asset management, asset control and human resource management across public agencies. The total irregularities of Nu. 9,987.242 million is reported for FY 2024-25.

The irregularities of Nu. 8.375 million reported under 'Fraud' constitutes 0.08% of the total irregularities. These are sporadic cases uncovered in a few agencies bearing *prima facie* evidence of the existence of fraudulent intent. The significant portion of irregularities representing 99.92% reported under 'Errors' are those issues of lapses, deficiencies, and shortfalls generally arising from lack of care, diligence and oversight established based on performance of audit procedures. Of the total irregularities of Nu. 9,978.867 million reported under this category, irregularities of Nu. 7,789.653 million, representing 78.06% pertain to PHPA II. Comparison by areas of operations, the highest irregularities are reported under Finance and Revenue Management, aggregating to Nu. 8,646.973 million, which represents 86.58% of the irregularities reported under this category.

While such cases indicating *prima facie* evidence of the existence of fraudulent intents/acts are not rampant and pervasive, public agencies need to be vigilant to such risks and put in appropriate safeguards to prevent, detect, and sustain their efforts towards upholding a zero-tolerance approach throughout. The persistent trend of irregularities across sectors indicates a state of governance, internal controls and ethical behaviours that might lead to waste of resources, affecting public service delivery, and undermining the rule of law, which would ultimately erode trust and confidence in public operations.

The RAA banks on actions taken by agencies based on the recommendations of specific audit reports issued to agencies. The agencies are expected to sustain the efforts of monitoring to ensure the effectiveness of remedied and improved controls rather than merely focusing on clearing the observed irregularities. The AAR also suggests recommendations seeking appropriate interventions of the central and oversight authorities that underpin accountability mechanisms and foster a culture of good governance, ethics, compliance and performance in public operations.



# Chapter 5

## 5. RECOMMENDATIONS

Based on the common issues noted across agencies during the course of auditing in the reporting year, the RAA has developed ten recommendations. These recommendations were developed based on the synthesis of issues pervading across agencies and identifying common causes at the agency level. It is intended to suggest relevant authorities for appropriate interventions in initiating systemic improvements and change for improved governance and accountability in public sector operations.

### 5.1 Need to regulate External Funding Received by CSOs, NGOs and Other Agencies

Several Civil Society Organisations (CSOs), Non-Governmental Organisations (NGOs), Religious Organisations (ROs) and even certain government-affiliated bodies have been receiving external funding directly from international donors without routing it through, or notifying, the designated regulatory bodies such as the Civil Society Organisations Authority (CSOA) or the MoF.

Although the Civil Society Organisations Act of Bhutan 2007 mandates registration and monitoring of CSOs, and the Financial Rules and Regulations (FRR) 2016 require proper accounting and reporting of all funds received, there is currently no formal mechanism to ensure that externally funded programs and grants, especially those received outside budgetary channels, are disclosed, tracked, and audited. This gap in oversight creates a significant risk of misuse or misappropriation of funds, a lack of transparency and accountability, and potential funding of activities not aligned with national priorities or security interests.

In the absence of a formalised reporting and monitoring framework, the RAA and other oversight bodies lack visibility into the volume, purpose, and outcome of such external assistance, and in some cases, mismanagement of donor funds has gone undetected until post-facto audits or whistle-blower complaints.

In order to strengthen fiduciary oversight of external aid, reduce the risk of fund diversion or misuse, alignment of externally funded programs with national goals, and enhance donor confidence and credibility of Bhutanese institutions and to strengthen transparency, accountability, and good governance, the RAA recommends the government to mandate all CSOs, NGOs, ROs and autonomous agencies to declare any external funding and its requirement for audit for transparency and accountability.

## **5.2 MoF should monitor compliance in enforcing termination and recovery clauses for fundamental breach of contract**

Clause 6.3.7.3 of the Procurement Rules and Regulations (PRR) 2023 suggests the prescription of the method of payment upon termination of the contract. The percentage of value of work not completed at the time of termination is to be 20% subject to a maximum limit of 10% of the initial Contract Price. Clause 6.3.4.2 of PRR prescribes limits of 'Liquidated Damages' representing compensation for the procuring agencies as well as bonuses to parties for early completion of revenue-generating projects.

The RAA noted that some agencies, upon termination of contract on fundamental breach of contract, recover only either 20% of the value of works not completed or the applicable liquidated damages and not both. The recovery of both is construed as a double penalty. However, the provision of the PRR explicitly states that 'liquidated damages' is compensation for the agencies for failure to deliver within the stipulated time, and the recovery of 20% of the value of works not completed represents additional cost for completing the remaining costs. Further, Clause 56(3) specifies that in addition to the liquidated damages for delay up to the date of termination, the agency shall recover 20% of the value of work not completed at the time of termination.

There were cases of non-termination of contract even in the event of fundamental breach of contract, and the applicable liquidated damages have already exceeded the maximum limit of 10%. Agencies cite that termination is not resorted to in anticipation of the additional cost of re-awarding the work. However, such practices might pose risks of prolonging the delays in the completion, as contractors will have no additional obligations beyond 10% of the contract value.

Thus, the MoF should strictly enforce the provisions of the PRR and Standard Bidding Documents (SBD) through strict monitoring of its compliance across agencies, specifically in invoking termination clauses and recoveries of financial obligations.

## **5.3 The government may consider incorporating specific clauses on applicable interest for delayed recoveries/adjustments from parties engaged in hydropower projects**

In reference to the audit of hydropower projects, the RAA noted instances where the project management had taken an unreasonable duration to effect recoveries/adjustments of financial obligations arising from errors, excess provisional payments or otherwise to the contractors. The recoveries/adjustments were found to have been made without applying

applicable interest, representing opportunity cost as well as interest implications on loans availed by the project, especially when such recoveries are significant and the time duration taken for recoveries/adjustments is substantial. Although RAA recommended the application of interests, the management expressed an inability to execute a subsidiary agreement when such provisions were absent from the initial agreement. Nor could the management put in place a recovery process to expedite the settlement of such obligations, resulting in staggering delays in recovery and adjustments.

Provisioning for application of interest in the Contract Clauses in the Agreement for recoveries/adjustments to be made from the parties engaged under contract with the project would avoid not only the opportunity cost but also lessen interest obligations on funds borrowed by the project. It would also formalise the processes that are legally binding and avoid prolonging recovery time due to such disincentives.

Therefore, the Government must consider incorporating interest liability in all recoveries to be effected from the contractors in the Contract Agreements for similar future projects undertaken by the government.

#### **5.4 MoF should reinforce its strategies to achieve full operationalisation of GIMS**

The GIMS is the central platform for recording, allocating, safeguarding, transferring and disposing of public assets. Its effective use is vital to ensuring accountability and transparency in the management of government properties and upholding public trust in the stewardship of national resources. Reliable GIMS data also supports sound decision-making for asset maintenance, replacement and disposal.

While the system has been launched since 2021, the government has not been able to achieve full operationalisation with varying levels of usage in government agencies. Root cause analysis suggests that it could be attributed mainly to issues related to technical glitches and a lack of clear, enforced policy for mandatory compliance by the agencies. The RAA observed 171 cases related to the use of GIMS across 81 agencies during the period under review.

In order to realise the objective of a digital platform for greater efficiency and accountability in the management of government properties, the MoF should reinforce its strategies for full-scale operationalisation of the system. Appropriate strategies should be explored in:

- i) Addressing challenges related to technical aspects, conduct a comprehensive review of the system to identify specific problems and bugs, address user pain points, facilitate a user-friendly

- interface and provide real-time troubleshooting through a dedicated team.
- ii) Enforcing mandatory compliance by all agencies in operationalising the GIMS by integrating the compliance requirement into Performance Management/performance prerequisites and also through a robust monitoring system to oversee compliance.
- iii) Building and sustaining skills and competencies of users through continuous capacity development programs and strategic deployment of human resources across agencies.

## **5.5 Need for reinforcing control mechanisms to regulate payment of salaries, allowances, benefits and other entitlements**

The RAA noted 120 cases of incorrect and inadmissible payments of salaries, allowances, and benefits amounting to Nu. 11.611 million across 64 agencies. These included incorrect pay, allowances, leave encashments, retirement benefits and inadmissible payment of salaries and allowances to employees on leave.

While detailed guidelines were issued specifying processes, and the requirement to designate pay fixation committees, including their responsibilities and those of heads of agencies, the occurrence of errors in fixing the pay indicates deficiencies in controls put in place to ensure correctness. Wrong fixation indicates significant weakness in financial management systems in these government agencies, giving rise to situations of over and underpayment of pay and allowances.

The inadmissible payments are generally due to errors and mistakes committed by officials administering the pay and allowances, fuelled by inadequate communications between the HR and Accounts Sections. These are prevalent across most agencies, which need to be addressed.

The lack of monitoring controls to ensure the correctness of pay and regulate the payment of entitlements would undermine compliance with governing rules. The detection of errors in pay fixation and inadmissible payments after a prolonged period puts an unreasonable financial burden on individuals if required to refund, and if underpaid, unduly deprives individuals of legitimate entitlements.

In order to ensure that such issues of wrong fixation of pay and allowances, and to prevent inadmissible payments of pay, allowances and benefits, the agencies should be mandated to ensure necessary monitoring controls. Thus, the MoF, in collaboration with RCSC, should ensure a robust system with scaled-up

integration of the pay module of ePEMS and personnel information in ZEST with added layers of controls in verification and validations of payments.

### **5.6 MoF should review the current practice of Closed Work Account and regulate its compliance for better control and accountability**

The RAA noted several instances where agencies book the expenditure related to works that are either not commenced or completed under Closed Work Accounts to avoid lapse of funds at the close of FY. The Finance and Accounting Manuals allow such bookings only for those works which have been completed in all respects but pending settlement of claims due to reasons beyond the control of the Budgetary Agencies. The RAA noted that such accounting adjustments are applied for works that have not even started or been completed. While such practices constitute a violation of the FAM, they pose risks of not being accounted for in the subsequent FY, as it has been reported as expenditure in the previous FY.

The RAA noted cases where agencies were not able to complete the activities even during the succeeding FY. There were also cases where activities had remained incomplete even after a lapse of two years of reporting the expenditure. Such practices not only undermine the correctness of the financial statement but also have the potential of facilitating fraudulent behaviours due to a lack of control and accountability on the use of unspent budget.

The budget notification for 2025-26 advises the agencies to implement closed works mechanism only for those civil works that have been fully completed in all respects prior to the close of the fiscal year. However, such advisory may not prevent non-compliances as no monitoring processes are integrated to control and regulate such practices before their occurrences.

Thus, the MoF should reinforce its monitoring controls on budgetary compliance related to Closed Works Accounts through delineation of processes for review of cases proposed to be booked under Closed Work Accounts before expenditure is recognised and recorded.

### **5.7 MoF should ensure robust monitoring controls to oversee compliance with activities executed as Deposit Works**

The RAA noted instances of non-completion as well as non-adjustments of advances pertaining to the deposit works entrusted to various agencies by central agencies. Pending adjustments of advances pertaining to multiple FYs undermine the correctness of the reported expenditures, the cumulative figure of which may have the potential to affect the correctness of expenditure at the AFS level.

The budget notification 2025-26 discourages central agencies from implementing all programs and activities budgeted under them directly or by ensuring that funds are allocated to implementing agencies through the formal budgetary process. While this directive may limit the cases of deposit works entrusted to line agencies, it may still not deter the agencies from continuing with the current practice of assigning deposit works unless robust monitoring controls through the budgetary process are put in place.

The MoF should review the existing process of monitoring compliance throughout the process of budgeting and reporting on the completion of activities.

### **5.8 MoF should review and streamline the process of collecting the Rebate on the procurement of Cement and HDPE Pipes**

The RAA noted 40 cases of non-collection of rebates amounting to Nu. 9.497 million on account of the procurement of cement and HDPE pipes by the budgetary agencies. From the total non-collection, 20 cases amounting to Nu. 6.773 million was reported in the Audit reports, and 20 cases amounting to Nu. 2.724 million was considered under Management Appraisal Reports. As of June 2025, the outstanding recoverable amount stood at Nu. 3.139 million, indicating a pervasive issue across budgetary agencies.

While the MoF had issued the latest notification decentralising the collection of rebates on cement and HDPE pipes to procuring agencies on 20 July 2023, the existing process is seen to be challenging as it requires agencies/sectors to compile and submit invoices/bills, which the agencies find it difficult to obtain from the contractors. Non-submission of these records is a common reason cited by agencies for their inability to collect the rebates. Even for works executed departmentally, the requirement to compile these documents is seen as an additional administrative burden on the officials executing the project.

To mitigate this issue, it is recommended that the MoF should re-examine the notification and consider negotiating with suppliers to adjust the pricing mechanism, deducting the rebate amount upfront (at point of sales) from the purchase price for departmentally executed works. This approach would streamline the process, reduce administrative burdens, and ensure that agencies automatically benefit from rebates at the point of purchase, eliminating the need for post-procurement claims.

For contract works, the MoF should reinforce existing procedures on rebate collection after creating adequate awareness and enforcing stringent accountability on the implementing agencies. This would reduce instances of non-collection of rebates.

## **5.9 MoF should scale up the digitisation of financial records across all budgetary agencies**

The MoF, through the DTA, has incurred Nu. 1,263,254.00 (USD 15,000.00) on the development of FinDoc for standardisation and digitisation of financial documentation under the Cluster Finance Service (CFS) model. Accordingly, FinDoc was implemented in January 2024 by the CFS Offices and their corresponding agencies, but the system was never intended for universal adoption by all budgetary bodies.

Since its roll-out, FinDoc has been successfully implemented across all cluster finance service offices, including Bumthang, Trashiyangtse, Judiciary, MoAL, MoICE, MoIT, Phuentsholing, and Gelephu clusters. The system has standardised documentation processes across CFS Offices, which have the potential to enhance efficiency through a digital platform for documentation. However, the digital integration and documentation through FinDoc are limited to only Cluster Finance Offices.

The Ministry should also assess the feasibility of broader applicability of FinDoc to other non-clustered agencies, while addressing technical and administrative challenges such as storage limitations, integration with e-PEMS, and duplication of effort.

## **5.10 The government should ensure fair compensation as a strategic investment for high ethical behaviours in civil service**

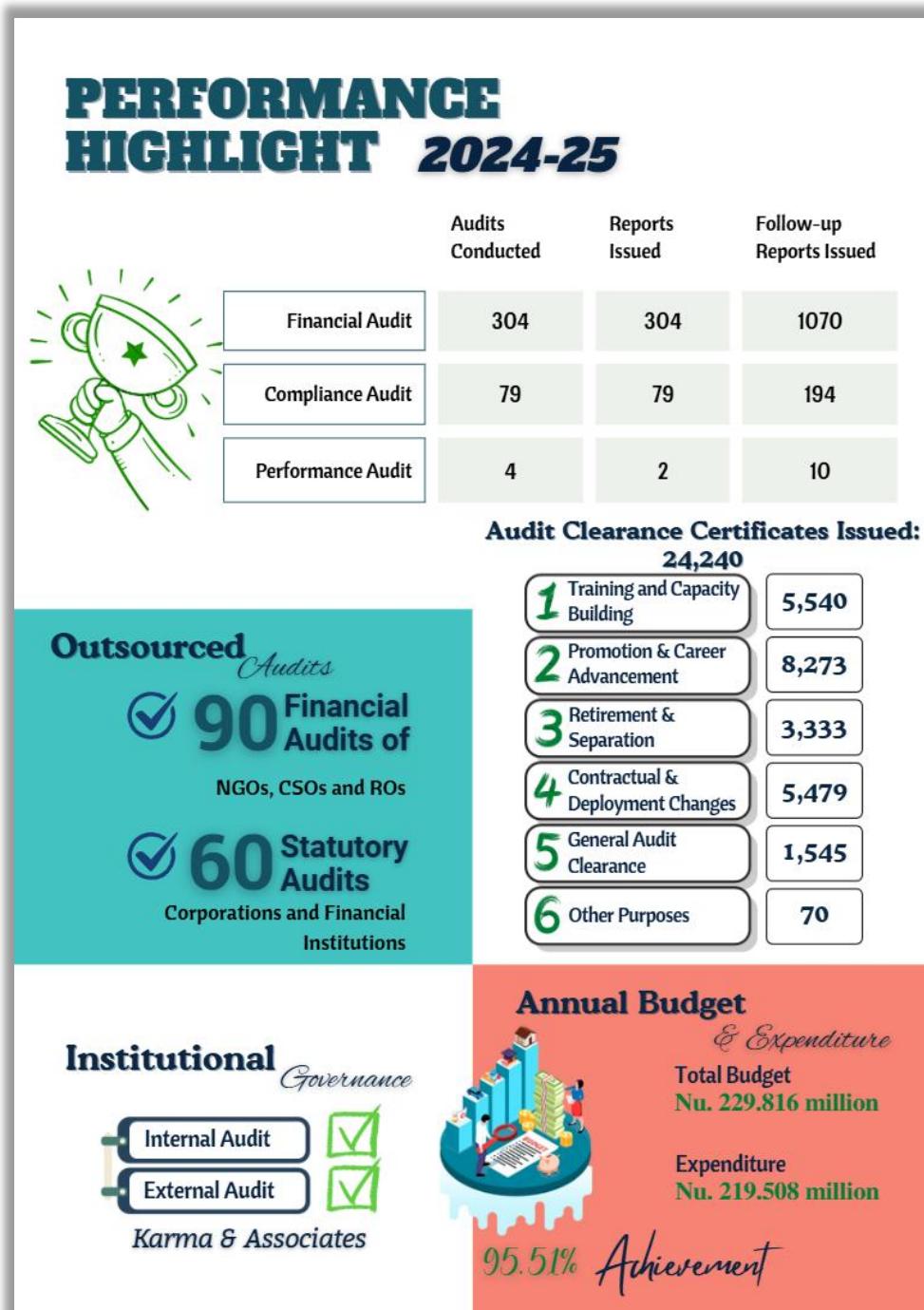
The RAA, through its audit reports, have been recommending restitution of any financial loss sustained by the government and public agencies on account of excessive claims made by parties and officials beyond what is admissible or entitled. While 'opportunity' manifests in the form of weak internal controls and 'rationalise' wrong actions through convenient justifications, the condition of 'pressure', which is often overlooked, seems to have a significant role in influencing the behaviour of individuals in places of work. The predominant factor fuelling the condition of 'pressure' could be the income of civil servants, which is currently low compared to their counterparts in the corporate sector. Besides, the Bhutan Civil Service Rules and Regulations do not allow civil servants to engage in private trade, employment and commercial activities. This condition may compel individuals to engage in acts or conduct that ensure additional financial benefits to supplement one's income to make ends meet. Such behaviours manifest in collusion, bribery, falsification of claims, or any act that accrues financial benefits through rationalisation. These could be factors leading to persisting irregularities across public agencies.

For the greater good of public sector governance and in the interest of building a good foundation for ethical behaviours in the Bhutanese Public Service, fair compensation of public servants must be viewed as perquisite to influencing ethical behaviours and as a good opportunity for investment. Thus, the Royal Government may look into reviewing the pay compensation as a proactive and strategic approach in reinforcing good governance in the Bhutanese Public Sector.

# Chapter 6

## 6. ABOUT THE RAA

### 6.1 Performance highlights and key achievements of the year



# Institutional Linkages

## Submission

- Annual Audit Report 2023-24
- Follow-up Review Report of AARs 2010 to 2022-23

## Deliberation

- Performance Audit Report on Operations of State Mining Corporation Limited



3rd Session of the  
Fourth Parliament

2nd Session of the  
Fourth Parliament



## Submission

- Performance Audit Report WASH Facilities and Services in the Government Schools Under Thimphu Thromde

## Deliberation

- Annual Audit Report 2023-24
- Follow-up Review Report of AARs 2010 to 2022-23

## Anti-Corruption Commission



11th Bilateral Meeting held on  
20 December 2024



14th Working Committee  
Meeting held on 13 May 2025

## Tripartite Meeting

3<sup>RD</sup>

Tripartite meeting was held  
from 6-8 March 2025 at  
Panbang, Zhemgang.



## Public Accounts Committee



Consultative meeting  
with stakeholders (24  
agencies) from 10  
March to 10 April 2025

## HR Management & Development

15 In-house Trainings



15 Meetings/Seminars/  
Webinars attended  
(INTOSAI, ASOSAI, IDI)



1 Facilitated  
trainings/workshops  
(International)



2 Induction Program for  
New Recruits



## 6.2 Audit Impact



## 6.3 Key Strategies and Interventions Undertaken

### 6.3.1 Rigorous Mass Follow-up of Outstanding Issues

The RAA carried out follow-up and review meetings with the various agencies. These sessions were instrumental in enforcing corrective actions, implementing necessary rectifications and recovering losses where applicable. This also created a platform for open dialogue between the RAA and audited agencies, fostering stronger collaboration and reinforcing accountability. Additionally, the meetings aimed to accelerate the resolution of pending audit issues, ensure effective implementation of corrective measures and demand accountability for unresolved cases. This further helped stakeholders gain a clearer understanding of audit processes while addressing misconceptions about audit findings and responsibilities.

As a result of these efforts, outstanding audit observations from 2005 to 2020 were reduced significantly from 7,744 to just 706 cases. The remaining cases are primarily linked to court proceedings, missing individuals or matters beyond the direct control of agencies.

This achievement underscores the RAA's strong commitment to promoting public accountability, enhancing the impact of audits and cultivating a culture of timely resolution and proactive engagement across public agencies.

### 6.3.2 Executive Forum on Strengthening Internal Controls

In May 2025, the RAA convened its first-ever Executive Forum on the theme ***“Internal Controls and Irregularities: From the Perspective of Executives.”*** The programme targeted officials in executive-level positions in the civil service to have a high impact on improving governance in their respective agencies. Conducted in two sessions, the forum engaged 43 senior officials in the first session and 26 in the second.

Among others, the forum emphasised mainly:

- Reinforcing leadership roles in influencing good governance and ethical practices;
- Setting tone at the top in reinforcing internal control systems by creating a good control environment and good internal policies and risk management practices;

- Strengthening communication, documentation and information sharing systems to build a robust culture of information and communications;
- Highlight pitfalls and tendencies of agencies in rationalising wrong actions leading to irregularities based on RAA's experiences.

A key takeaway was the need for a leadership role in agencies to take proactive measures in internalising good management practices and strong internal control systems to address persisting irregularities and non-compliances. The forum created a platform for open dialogue and peer learning between the RAA and government executives in furtherance of respective roles in improving governance and accountability in public operations. Based on positive feedback, the RAA shall commit itself to continually engage with the executives in the civil service as well as public agencies as a part of its strategy to strengthen governance and internal control systems throughout public agencies.

### **6.3.3 Hosted IDI Governing Board Meeting**

The RAA hosted the INTOSAI Development Initiative (IDI) Governing Board Meeting from 2-3 April 2025. The meeting brought together the heads of Supreme Audit Institutions (SAIs) from Bhutan, Norway, Kenya, Brazil, Saudi Arabia, South Africa and the United Kingdom. Members of the IDI Management Team also participated in the meeting.

As part of the programme, the board members visited the RAA headquarters. The RAA shared the auditing practices and systems, including mandates, key achievements and its strategies in pursuit of its goals. The meeting provided a good opportunity for the RAA to showcase Bhutan's strong and unique accountability mechanism, specifically on its legal mandates for enforcing public accountability through the regulation of audit clearances of public officials based on the reported irregularities. The RAA also benefited from the experiences of different SAIs and their auditing practices and systems. The delegates also called on Hon'ble Members of the Public Accounts Committee for experience sharing.

### **6.3.4 Office Building at OAAG, Phuentsholing as a Model Public Infrastructure Development**

In December 2024, the Construction of the Office of the Assistant Auditor General (OAAG), Phuentsholing, was initiated to house the Regional Office, Phuentsholing, which used to be accommodated in rented space. It was commenced as a model public infrastructure development to demonstrate

economy, efficiency and effectiveness in managing the public project. It was designed in a manner that suffice the space requirement, avoiding unnecessary expenditure and with openings for natural light to reduce energy requirements. At the total cost of Nu. 11.416 million, the project, which started from 2 December 2024, was completed within the stipulated timeframe of five months, a trend which is usually not experienced in most construction projects undertaken by public agencies.

The building was inaugurated on 4 June 2025, coinciding with Her Majesty The Gyaltsuen's Birth Anniversary.

### **6.3.5 Strategic and Operational Planning**

The Strategic Plan 2025-2030 was drafted based on the processes suggested in the Strategic Management Framework issued by IDI to guide the SAIs in developing their plan and articulating its strategic intents based on scientific processes of identifying gaps, societal expectations and respective mandates. The period for the Strategic Plan is aligned with the Five-Year Term of the Auditor General from 2025 to 2030.

The draft plan shall be further improved with specific inputs of the new Auditor General, who shall be appointed after the current AG demits the office in October 2025. The new Strategic Plan focuses on ensuring institutional capacity to conduct audits leveraging ICT. The proposed strategies include ensuring adequate IT skills and IT infrastructure and tools required to conduct the audit in an ICT environment. These strategies are broadly in line with the strategies of the 13<sup>th</sup> Five-Year Plan of the RAA. The RAA looks forward to enhancing the efficiency and effectiveness of audit and also remaining relevant to the changing audit environment, specifically in terms of changing business processes of audited agencies.

The Annual Operational Plan 2025-2026, which is in operation, was prepared in line with the programmes of the 13<sup>th</sup> Five-Year Plan as well as the draft Strategic Plan 2025-2030.

### **6.3.6 Strengthening Coordination with Peer Agencies**

In the spirit of enhancing institutional collaboration, the RAA continuously engages in Tripartite Meetings among ACC, OAG and RAA. Due to the need to pursue numerous issues related to audit findings referred to the ACC, as well as

issues that need to be reviewed based on complaints received by the ACC, the bilateral meetings, both at heads and working committee levels, are held regularly to inform on the statuses of both ACC and RAA. Some of the events of collaboration were:

- Held 3<sup>rd</sup> Tripartite Meeting among three institutions at Panbang from 6 - 8 March 2025 to discuss the status of previous resolutions, address operational challenges and to endorse key procedural documents to enhance the enforcement of audit and corruption-related cases.
- Held 11<sup>th</sup> Bilateral Meeting with ACC on 20 December 2024 at ACC to discuss the progress of cases referred by each and also to discuss and review strategies for greater synergy in pursuing the common objectives.
- Held 14<sup>th</sup> Working Committee Meeting with ACC on 13 May 2025 to have detailed discussions on the cases referred based on progress of reviews by officials from both institutions and develop proposals for endorsement in the Bilateral Meeting.
- Standard Operating Procedure (SOP) for Missing Persons were endorsed by heads of three institutions to guide the respective agencies in tracing the accountable persons and pursuing the matters further based on agreed procedures.
- Launched Data Sharing System for Tripartite Real-time Update Sharing Terminal (TRUST), which is a secure, web-based system developed to enhance coordination among the ACC, OAG, and RAA on 4 June 2025.

### **6.3.7 Engagement with International and Regional Bodies**

The RAA continued active participation in various forums and events organised by INTOSAI and the Asian Organisation of Supreme Audit Institutions (ASOSAI) to strengthen the capacity of auditors and share experiences of other SAIs. This included participation in trainings, workshops, seminars/webinars and conferences under various themes, including contribution as resource persons.

During the year, RAA participated in 15 such events, offering opportunities to 29 auditors' part, bringing in lots of new experiences in auditing knowledge and practices around the world. The implementation of the project on Sustainable Performance Audit Practices under IDI/ADB started in 2023-24, continued during the year with notable strides in completion of revising Performance Audit Guidelines, and the Strategic Plan for Performance Audits. The pilot audit of 'Performance Audit of CARLEP' was initiated using the revised guidelines,

which are at the advanced stage of finalising reports. Besides, the System of Audit Quality Management (SoAQM) is in the process of initiating development under this Project, which is expected to overhaul the existing quality management process of the RAA.

The RAA shall continue to actively engage in integrating with international bodies/associations to further build and sustain the capacities of the auditors.

### **6.3.8 Revamping of AIMS and re-engineering internal processes**

The in-house IT system developers continued to improve the modules of Audit Information Management Systems (AIMS) based on the directives of the Business Engineering and Strategy Committee, besides their continuous engagement in addressing technical glitches and troubleshooting based on the issues submitted by the users.

Most notable achievements were:

#### ***i) Commissioning of enhanced ATR module***

The module on managing audit reports was revamped, taking into consideration the new information needs based on changes in the suggested actions on each audit observation and also to generate the required Management Information System (MIS) for various decision-making in settlement of issues and enforcement of accountability. The enhanced module is expected to facilitate efficient management of information related to audit reports, actions taken and follow-up actions and bridge the information gap in addressing unsettled observations.

#### ***ii) Audit Clearance Module***

In the backdrop of the requirement to enhance efficiency in the delivery of services, the RAA revamped its Audit Clearance Module, facilitating faster processing of audit clearances with minimum physical movement of documents and facilitation of clearances based on undertakings, which were done outside of the system earlier. The revised module provides greater convenience for both the applicants and for RAA in dispensing faster decisions on the issue of audit clearances.

### **6.3.9 Partnership with Statutory Auditors and local firms**

Continuing its value-added partnership with the Certified Professional Audit (CPA) Firms and local auditing firms for the statutory audit of Government Companies, CSOs and ROs, the RAA completed the following activities during the year.

#### ***i) Empanelment of auditors***

Completing the previous empanelment cycle in June 2025, the RAA empanelled 68 firms, including nine Bhutanese firms (seven statutory auditors and two auditors for CSOs and ROs) for the period of three years starting from 1 July 2025. The firms were screened through prescribed parameters, and site inspections were conducted by the RAA. These firms shall partner with the RAA in the Statutory Audits of government corporations, financial institutions, CSOs and ROs based on the appointment made by the RAA on an annual basis.

#### ***ii) Revision of professional fees***

The RAA revised the professional fees of statutory auditors based on the new fee structure. The fee was fixed on the basis of agency categorisation, which was finalised after due consultation with the management of those agencies. The revision was expected to fairly compensate firms for the auditing services rendered and to ensure the expected level of quality of their work.

### **6.3.10 Enhancing Human Resource Capacity of RAA**

In alignment with His Majesty's vision for an innovative and well-governed Gelephu Mindfulness City (GMC), the RAA is strengthening its institutional capacity and technical expertise to ensure effective oversight, financial discipline and accountability in line with international best practices.

#### **i. Professional Development of Auditors**

To enhance professional capacity, the RAA is promoting globally recognised certifications such as the Association of Chartered Certified Accountants (ACCA). With funding approved by the Prime Minister's Office, ten auditors will pursue ACCA over the next five years. Currently, two officials are undertaking studies in Kaplan, Singapore, and four others are scheduled for the February 2026 intake.

## **ii. Partnership with CAG, India**

Since 2001, the RAA has collaborated with the Comptroller and Auditor General (CAG) of India through a Memorandum of Understanding (MoU), renewed periodically to strengthen cooperation. The latest MoU, signed in April 2020 for six years, will expire in 2026. The Auditor General will meet with the CAG in October 2025 to extend a formal renewal invitation. The partnership supports auditor capacity development, including participation in the Indian Audit and Accounts Service (IA&AS) programme. Two officials are currently in training at Shimla and will return in December 2025, while another two will begin in the same month.

## **iii. Advanced Studies and Higher Education**

Beyond certifications and training, RAA also supports higher education. Four officials are pursuing Master's programmes, two in Professional Accounting in Australia and two in Business Administration at the Royal Institute of Management. These initiatives strengthen the knowledge and professional competencies of the RAA workforce.

Through targeted investments in professional certification, institutional collaboration and higher education, the RAA is building a pool of qualified professionals to support GMC's governance framework and advance transparency and accountability in Bhutan.

## **6.4 Challenges**

### **6.4.1 Human Resource Gap**

In line with the transformation exercise, the RAA significantly reduced its total required staff strength and decided to maintain its staff strength at 250 for all times to come. Although the current attrition trend has decreased from 14.71% to 7% from the previous year, the RAA is unable to maintain its HR strength of 250 employees as per the approved strength. Currently, the RAA has a total of 225 employees, resulting in a gap of 25 employees overall.

The RAA is seriously challenged in terms of retaining staff with specialised qualifications, such as engineers, IT, environment, etc., who are required for specific tasks which cannot be assigned to general auditors. This has the potential to impede sustaining the auditing skills in the specific areas of

construction audits, IT audits and environment audits, which are indeed crucial and emerging areas for RAA's engagement to provide its value-added services. Even with the flexibility of direct recruitment windows approved by the RCSC, the RAA was not able to attract people in these positions. Our experiences have been that those recruited on contract have opted for resignation after some time.

Further, there is a significant gap in mid-level positions such as P2 and P3, seriously affecting the quality management of its work and succession planning.

#### **6.4.2 Limited qualification upgradation opportunities**

With the increasing need for auditors to upgrade their qualifications and keep pace with evolving professional demands, it has become imperative to facilitate qualification enhancement opportunities. With support from the government, we have started sending auditors to undergo ACCA qualifications abroad. However, at present, the lack of flexible study modes for in-country CPA and Master of Business Administration (MBA) courses offered at RIM requires interested candidates to avail a mandatory 18 months of study leave. Though the MBA candidates are required to attend classes only one week per month, and the CPA follows a self-paced learning model, availing mandatory study leave offers limited incentives for potential candidates to opt for studies.

#### **6.4.3 Outstanding Audit Issues pending Enforcement and Litigation**

The RAA is not able to resolve 91 audit issues, some of which pertain to 2010, either pending litigation or enforcement. The inability of the RAA to expedite the settlement of these cases poses challenges in enforcing accountability and in realising the impact of audit results.

Although the guidelines on Missing Persons were developed in the Tripartite meeting of OAG, ACC and RAA, the application to those cases is yet to take effect.

#### **6.4.4 Improvement of internal controls not sustained**

RAA's three-pronged strategy of treatment, sanctions and corrective actions in seeking actions from the agencies is yet to manifest its effectiveness in improved culture of compliance and good internal governance in agencies. While agencies demonstrate adherence to audit recommendations based on audit reports, efforts to sustain corrective actions do not seem to have translated into improved internal control systems in their respective agencies. Indeed, responding to audit recommendations is mainly considered as only a one-time

exercise without addressing the systemic issues. This is supported by the fact that despite addressing the audit reports in the past, irregularities continue to surface, indicating that deficiencies in controls continue to persist.

## 6.5 Other Matters

### 6.5.1 Audit issues under prosecution, pending litigation and enforcement

As of 30 June 2025, 132 cases of audit issues were referred for prosecution. The details are shown in **Table 10**.

*Table 10: Details of Audit Issues in Court*

Sl. No.	Type of Court Case	Number
1	Cases pending in court/cases under trial	42
2	Cases pending due to pending judgment enforcement	55
3	Cases pending due to the absence of persons after the issuance of the court verdict	28
4	Cases that could not be registered before the court due to missing persons	7
<b>TOTAL</b>		<b>132</b>

### 6.5.2 Audit issues forwarded to ACC

In line with Section 34(7) of the Audit Act of Bhutan 2018, the RAA forwarded four audit reports containing 16 cases to the ACC, which indicated a *prima facie* existence of fraudulent intent needing further investigation. One report is currently under investigation, another has been dropped from further review, and two reports are still pending assignment for investigation.

# Chapter 7

## 7. AUDITED REPORT OF THE ROYAL AUDIT AUTHORITY

The Financial Statements of the RAA for FY 2024–25 was audited by Karma and Associates, an audit firm empanelled with the RAA. The audit report is presented herewith:



### INDEPENDENT AUDITORS' REPORT ON THE ACCOUNTS AND OPERATIONS OF THE ROYAL AUDIT AUTHORITY OF BHUTAN FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

#### Opinion

We have audited the accompanying financial statements of Royal Audit Authority (RAA) which comprises Receipts and Payments Statement (LC Account No. LC-110.01) and schedules forming part of the financial statements for the year ended 30 June 2025.

In our opinion, the financial statements are prepared, in all material respects, in accordance with the Financial Rules and Regulations 2016 (FRR 2016).

#### Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the RAA's management, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

We have visited the Office of the Assistant Auditor General, Phuentsholing and conducted the physical verification of assets that were procured during the year

01/07/2024-30/06/2025. We placed reliance on the work of internal audit for other regional offices not visited by us.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

RAA's management is responsible for the preparation and fair presentation of these financial statements in accordance with the FRR 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the RAA's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of audit in accordance with ISSAIs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Royal Audit Authority's internal control.

We communicate with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

**For Karma and Associates.  
Chartered Accountants**



Karma & Associate  
Chartered Accountants  
\* \* \* \* \*

**(Chimmi Dorji-FCCA)**  
**Managing Partner**  
**Firm Reg. No: BH-04**

**Place: Thimphu**

**Date: 30/09/2025**

**ROYAL AUDIT AUTHORITY**  
**Receipts and Payments Statement**  
For A/C. No. 110.01/1001-LC

For the Month of JUNE - 2025

No.	Group/Broad Head Of Account	Receipts		Payments		Cumulative Balance (-) Cr, (+) Dr
		For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	
1	<b>Opening Balance :</b>					
	a. Cash	99,437.67	0.00			
	b. Bank	8,437,177.89				
2	<b>Releases :</b>					
	a. Budgetary	26,246,796.23	230,937,000.00			
	b. Non-Revenue	604,274.00	3,430,517.00			
	c. Refundable Deposits	505,586.98	2,022,211.87			
	d. Un-cashed Cheques					
3	<b>Grants in-Kind :</b>	0.00	0.00	0.00	0.00	
4	<b>Borrowings in-Kind :</b>	0.00	0.00	0.00	0.00	
5	<b>Revenue Receipts/Remittances :</b>	1,234,820.00	13,609,177.70	1,234,820.00	13,609,177.70	
6	<b>Other Recoveries/Remittances :</b>					
	a. GPF: Employee Contribution	584,712.00	7,012,461.00	584,712.00	7,012,461.00	
	b. Govt. Insurance Scheme	78,000.00	936,700.00	78,000.00	936,700.00	
	c. Other Insurance Premia	0.00	0.00	0.00	0.00	
	d. Loans from Fin. Instts.	0.00	0.00	0.00	0.00	
	e. Others	30,425.00	364,675.00	30,425.00	364,675.00	
7	<b>Personal Advances :</b>	64,000.00	980,500.00	10,000.00	980,500.00	0.00
8	<b>Miscellaneous Receipts/Payments :</b>					
	a. Non-Revenue A/C. Deposits	0.00	0.00	604,274.00	3,430,517.00	
	b. Refundable Deposit A/C. Deposits	0.00	0.00	135,181.26	547,134.09	

Page 1 of 2

**ROYAL AUDIT AUTHORITY**  
**Receipts and Payments Statement**  
For A/C. No. 110.01/1001-LC

For the Month of JUNE - 2025

No.	Group/Broad Head Of Account	Receipts		Payments		Cumulative Balance (+) Cr, (-) Dr
		For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	
	c. Payments to DPA	0.00	0.00	0.00	0.00	
	d.Others	0.00	0.00	0.00	0.00	
9	<b>Suspense :</b>					
	a. Stock	0.00	0.00	0.00	0.00	0.00
	b. Purchases	0.00	0.00	0.00	0.00	0.00
	c. PW Advances	2,448,530.00	14,345,169.50	652,520.00	14,821,015.50	475,846.00
	d. Intra-Agency Assignments	0.00	0.00	0.00	0.00	
	e. Deposit Works	604,274.00	3,430,517.00	607,060.00	3,430,517.00	
	f. Other Deposits	135,181.26	547,134.09	505,586.98	2,022,211.87	-452,936.27
10	<b>Budgetary Expenditure :</b>					
	a. Current			18,982,302.33	195,826,940.30	
	b. Capital			6,695,275.64	23,679,155.88	
	c. Lending			0.00	0.00	
	d. Repayment			0.00	0.00	
11	<b>Closing Balances :</b>					
	a. Cash			0.00	0.00	
	b. Bank			10,953,057.82	10,953,057.82	
	<b>Grand Total :</b>	<b>41,073,215.03</b>	<b>277,616,063.16</b>	<b>41,073,215.03</b>	<b>277,616,063.16</b>	

(Signature)  
Head of Finance Section  
Sr. Accounts Officer  
Royal Audit Authority  
Thimphu : Bhutan

  
Karma & Associates  
Chartered Accountants

  
(Signature)  
Head of Deputy Auditor General  
Department of follow-up & regions  
Royal Audit Authority

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# Chapter 8

## 8. ANNEXURES

**Annexure I:** Definition, Terminology and Grouping of Category Codes

### 1. Category of irregularities

Irregularities are broadly classified into two categories: Fraud and Error. The definitions of the categories for the purpose of managing audit information in the AIMS and for the purpose of this report are given below.

- **Fraud:** Includes irregularities that indicate *prima facie* evidence of the existence of fraudulent intents/acts, which are substantially confirmed through the audit process or provide reasonable grounds to suspect wilful intents/acts which need to be further established through investigative procedures for which such cases are usually referred to the ACC.
- **Error:** Includes irregularities which are unintentional mistakes or omissions that do not involve any element of deceit or intent to gain personal or financial benefit as per the audit procedures performed.

### 2. Classification under Operational Areas of the Public Sector

Irregularities, whether due to fraud or error, are further classified under seven key operational areas of the public sector. The classification of irregularities into operational areas is intended to provide a comprehensive framework to associate the issues with specific areas of operations and help in identifying root causes for corrective actions in specific areas of operations. These operational areas are:

- Finance and Revenue Management:** Covers the management, use and collection of funds or revenues that are not directly related to procurement or other operational areas.
- Procurement of Works:** Includes all observations related to the procurement of works such as construction, renovation, maintenance, and other infrastructure-related activities.
- Procurement of Goods and Supplies:** Covers the procurement of tangible goods and consumable supplies, excluding items classified under works or services procurement.
- Procurement of Services:** Refers to the acquisition of services, including consultancy, professional services, and other non-tangible service contracts not covered under the procurement of works or goods.

- E. Human Resource Management:** Encompasses issues related to the recruitment, development, promotion, performance management, and separation of public servants.
- F. Property Management:** Involves the management, allocation, custody, and safekeeping of public property, including its issuance and return.
- G. Public Service Delivery:** Captures observations related to the delivery, accessibility, and quality of services provided to the public by government institutions or agencies.

**Annexure II: Agency-wise cases of Errors with corresponding amounts**

Sl. No.	Agency	Amount (Nu. in million)
1	Punatsangchhu Hydroelectric Project Authority, Phase II, Bjimthangkha, Wangdue	7,789.653
2	Food Corporation of Bhutan Limited	654.202
3	Punatsangchhu Hydroelectric Project Authority, Phase I, Bjimthangkha, Wangdue	378.942
4	Ugyen Pema Zangdopelri Chhoetshok, Paro	180.841
5	Dzongkhag Administration, Trashiyangtse	142.147
6	Farm Machinery Corporation Limited	133.692
7	Royal Insurance Corporation of Bhutan Limited, including 20 Branch Offices	78.392
8	Thromde Administration, Samdrup Jongkhar	42.534
9	Dzongkhag Administration, Trongsa	41.201
10	Sherubtse College, Royal University of Bhutan	35.732
11	Suchhu Hydropower Project, Sangbaykha, Haa	35.484
12	Department of Air Transport, MoIT, Paro	33.457
13	Samtse College of Education, Royal University of Bhutan	32.280
14	Bhutan Board Products Limited, Phuentsholing, including Tala Factory and Showroom at Thimphu	30.790
15	Royal Bhutan Army, Headquarters, Lungtenphu, including Royal Bhutan Army Wings (9 Wings, 3 Training Centres)	25.893
16	Dzongkhag Administration, Gasa	18.353
17	Dzongkhag Administration, Zhemgang	17.648
18	Food Security and Agriculture Productivity Project (FSAPP) financed by Global Agriculture and Food Security Program (GAFSP, WB), Department of Agriculture, MoAL	16.886
19	Office of the Vice Chancellor, Royal University of Bhutan	16.549
20	Dzongkhag Administration, Paro	13.999
21	College of Science & Technology, Royal University of Bhutan	13.483
22	Dzongkhag Administration, Mongar	13.092
23	Ministry of Infrastructure and Transport	12.497
24	Regional Office, Lingmethang, Mongar, Department of Surface Transport, MoIT	12.361
25	Royal Audit Authority	12.248
26	Dorji Lingpa Foundation, Thimphu	12.040
27	Bhutan Livestock Development Corporation Limited, including 3 outlets at Rilangthang, Samrang and Haa	11.896

28	Penden Cement Authority Limited, Pendenling, Gomtu, including Depot at Phuentsholing	10.400
29	Dzongkhag Administration, Dagana	9.824
30	Dzongkhag Administration, Pemagatshel	9.732
31	Paro College of Education, Royal University of Bhutan	9.634
32	Dzongkhag Administration, Sarpang	9.096
33	Jigme Namgyel Engineering College, Royal University of Bhutan	7.189
34	Dzongkhag Administration, Samdrup Jongkhar	6.899
35	Dzongkhag Administration, Lhuentse	6.597
36	Natural Resources Development Corporation Limited, Gelephu, Sarpang	5.847
37	College of Language & Cultural Studies, Royal University of Bhutan	5.358
38	Dzongkhag Administration, Haa	5.191
39	Army Welfare Project Limited	4.885
40	Regional Revenue & Customs Office, Gelephu, Department of Revenue & Customs, MoF	4.574
41	Development of Sports Infrastructure (FIC 4740), Bhutan Olympics Committee, funded by GoI-PTA	3.722
42	Dzongkhag Administration, Samtse	3.604
43	Election Commission of Bhutan, including the Public Election Fund Division	3.325
44	Thromde Administration, Gelephu	3.052
45	Secondary Towns Urban Development (BHU 3674 and 4652), Thimphu, Department of Infrastructure Development, MoIT, funded by ADB	2.866
46	Royal Bhutan Police, Headquarters, including Royal Bhutan Police Division I, Paro, Prison Service Division, and Fire Fighting Services	2.802
47	Thromde Administration, Thimphu	2.743
48	Construction of 65 Bedded Mother and Child Hospital, Mongar, Department of Biomedical Engineering, NMS	2.581
49	Dratshang Lhentshog	2.445
50	Regional Office, Thimphu, Department of Surface Transport, MoIT	2.298
51	Ministry of Energy and Natural Resources	2.215
52	Phuentsholing Township Development Project, implemented by Construction Development Corporation Limited, ADB-funded [FIC 4050 & 4651]	2.071
53	College of Natural Resources, Royal University of Bhutan	2.050
54	Centenary Farmers Market, Department of Agricultural Marketing & Cooperatives, MoAL, Thimphu	2.038
55	Mainstreaming Biodiversity Conservation into the Tourism sector in Bhutan, Department of Tourism, MoICE, Thimphu, GEF	1.853
56	Dzongkhag Administration, Thimphu	1.749

57	Bhutan for Life Fund Secretariat, Thimphu	1.711
58	Regional Revenue & Customs Office, Thimphu, Department of Revenue and Customs, MoF	1.635
59	Ministry of Home Affairs	1.634
60	Bhutan Olympic Committee	1.597
61	Bhutan Trust Fund for Environment Conservation	1.577
62	Dzongkhag Administration, Chhukha	1.535
63	Green Bhutan Corporation Limited	1.530
64	Dzongkhag Administration, Bumthang	1.442
65	Gyalpozhing College of Information Technology, Royal University of Bhutan	1.391
66	Enhancing Sustainability and Climate Resilience of Forest and Agricultural Landscape and Community Livelihoods in Bhutan (NAPA III). PMU with the Department of Macro-Fiscal and Development Finance, MoF. GEF-LDCF (FIC 4620)	1.316
67	Mangdechhu Hydroelectric Project Authority	1.296
68	Bhutan Centennial Distillery, Bhur, Sarpang	1.205
69	Royal Bhutanese Embassy, New Delhi, India	1.161
70	Handicrafts Association of Bhutan, Thimphu	1.091
71	Jigme Singye Wangchuck Law College, Paro	1.028
72	Dzongkhag Administration, Punakha	0.996
73	Journalists' Association of Bhutan	0.996
74	Natural Resources Development Corporation Limited, Jakar, Bumthang, including Gelephu Branch Office	0.952
75	Dzongkhag Administration, Wangdue Phodrang	0.928
76	National Hospital Services	0.922
77	Bhutan Food & Drug Authority	0.789
78	Regional Revenue & Customs Office, Samtse, including check posts at Samtse, Gomtu, Bindu, and Jitti, Department of Revenue & Customs, MoF	0.773
79	Regional Offices, MoAL, Thimphu	0.768
80	Regional Office, Trongsa, Department of Surface Transport, MoLT	0.732
81	Building Climate Resilience of Urban Systems through Ecosystem-based Adaptation in the Asia-Pacific region, funded by UNEP, implemented in collaboration with Thimphu Thromde, MoENR	0.660
82	Ministry of Education and Skills Development	0.625
83	Transmission Operation and Maintenance Section, Simtokha, including Transmission Project Office, Olakha	0.573
84	Dzongkhag Administration, Trashigang	0.512
85	Dewathang Hospital	0.508

86	Bhutan National Bank Limited, including all the Branches	0.450
87	Regional Pig & Poultry Breeding Centre, Lingmethang, Mongar	0.400
88	Rangjung Foundation, Thimphu	0.364
89	Cabinet Secretariat	0.355
90	Do-Ngak Lotus Foundation, Thimphu	0.350
91	Kholongchhu Hydro Energy Limited, Trashiyangtse	0.331
92	Renewable Energy for Climate Resilience Project, Department of Energy, MoENR	0.320
93	Technical Training Institute, Khuruthang, Punakha, Department of Workforce Planning and Skills Development, MoESD	0.301
94	Menjong Sorig Pharmaceuticals Corporation Limited	0.300
95	Divisional Forest Office, Zhemgang, Department of Forest and Park Services, MoENR	0.259
96	Regional Office, Phuentsholing, Gedu and Samtse, Department of Surface Transport, MoIT	0.257
97	National Handloom Development Centre, Khaling, Trashigang	0.254
98	Jigme Wangchuck Power Training Institute, Dekiling, Sarpang, Department of Workforce Planning and Skills Development, MoESD	0.228
99	International Assistance, MoH	0.208
100	Bhutan Agro Industries Limited, including Lingmethang Plant	0.198
101	Gedu College of Business Studies, Royal University of Bhutan	0.195
102	Dungsam Cement Corporation Limited	0.192
103	Nazhoen Lamtoen, Thimphu	0.192
104	Rigsum Goenpa Restoration Project, Trashiyangtse, Department of Culture and Dzongkha Development, MoHA - 215.01/2001	0.191
105	Dungkhag Court, Panbang, Zhemgang	0.191
106	Tarayana Foundation, Thimphu	0.183
107	Organisation for Youth Empowerment, Thimphu	0.175
108	National Land Commission Secretariat	0.166
109	Electricity Service Division, Gelephu, Bhutan Power Corporation Limited	0.152
110	Commercial Agriculture and Resilient Livelihood Enhancement Program, Wengkhar, including the Regional Office, Khangma, and implementing agencies of Lhuentse, Mongar, Pemagatshel, Samdrup Jongkhar, Trashigang, and Trashiyangtse Dzongkhags	0.130
111	Bhutan Postal Corporation Limited, including 4 Regional Offices	0.107
112	Electricity Services Division, Thimphu, Bhutan Power Corporation Limited	0.107
113	SASEC Transport, Trade Facilitation and Logistics Project (Grant 0492), implemented by Thromde, Phuentsholing, ADB-funded	0.105

114	Royal Monetary Authority of Bhutan, including Regional Offices	0.095
115	Ministry of Agriculture and Livestock	0.068
116	Azista Bhutan Healthcare Limited, Motanga Industrial Park, Druk Holding & Investments Limited, Samdrup Jongkhar	0.068
117	National Housing Development Corporation Limited, including 2 Liaison Offices	0.066
118	Bhutan Broadcasting Service Corporation Limited	0.064
119	Regional Offices, MoENR, Sarpang	0.060
120	Regional Immigration Office, Samtse, Department of Immigration, MoHA	0.053
121	Regional Offices, MoENR, Bumthang	0.051
122	Regional Office, Mongar, Bhutan Construction and Transport Authority, MoIT, including Base Offices in Lhuentse, Trashiyangtse and Trashigang	0.046
123	International Assistance Project, Thimphu, implemented by the Department of School Education, MoESD	0.043
124	Regional Revenue & Customs Office, Paro, Department of Revenue and Customs, MoF	0.042
125	Central Regional Referral Hospital, Gelephu	0.038
126	Regional Office of Industry, Commerce & Employment, Gelephu, MoICE	0.038
127	Dzongkhag Administration, Tsirang	0.035
128	Bhutan Duty Free Limited, including Thimphu, Phuentsholing and Paro shops	0.033
129	Jigme Singye Wangchuck National Park, Tshangkha, Trongsa, Department of Forests and Park Services, MoENR	0.033
130	Divisional Forest Office, Pemagatshel, Department of Forest and Park Services, MoENR	0.033
131	GNH Centre Bhutan, Thimphu	0.032
132	Regional Offices, Bumthang, MoAL	0.031
133	Agricultural Research & Development Centre, Wengkhar, Mongar	0.028
134	Regional Revenue & Customs Office, Bumthang, Department of Revenue & Customs, MoF	0.027
135	Government Technology Agency	0.025
136	Regional Central Stores, MoIT	0.022
137	Strengthening Risk Information and Disaster Resilience in Bhutan Project, implemented by the Department of Local Governance & Disaster Management, MoHA, funded by World Bank	0.020
138	Regional Offices, MoAL, Paro	0.018
139	Electricity Services Division, Samdrup Jongkhar, Bhutan Power Corporation Limited	0.017
140	Regional Office, Trashigang, Department of Surface Transport, MoIT	0.014
141	Water Flagship Program Support Project funded by ADB, Department of Infrastructure Development, MoIT, Thimphu	0.013

142	Electricity Services Division, Bumthang, Bhutan Power Corporation Limited	0.008
143	Ministry of Finance	0.007
144	Bank of Bhutan Limited	0.003
145	Bhutan Automation and Engineering Limited, Chhukha	0.000
146	Bhutan Board Products Limited	0.000
147	Bhutan Broadcasting Services Corporation Limited	0.000
148	Bhutan Care Credit Limited	0.000
149	Bhutan Chamber of Commerce & Industry, Thimphu	0.000
150	Bhutan Cricket Council Board	0.000
151	Bhutan Development Bank Limited	0.000
152	Bhutan Hydropower Services Limited	0.000
153	Bhutan Livestock Development Corporation Limited	0.000
154	Bhutan National Digital Identity Limited	0.000
155	Bhutan Power Corporation Limited (Corporate Office)	0.000
156	Bhutan Telecom Limited, including Revenue Centres	0.000
157	Climate Resilient Mountain Ecosystems for Resilient Livelihoods and Mountain Flagship Species - Vanishing Treasures, implemented by the Divisional Forest Office, Bumthang	0.000
158	Construction Development Corporation Limited, Thimphu	0.000
159	Corporate Office of Druk Hydro Energy Limited, Jigmeling, Dekiling Gewog, Sarpang	0.000
160	Divisional Forest Office, Gedu, including Range Offices, Phuentsholing, Gedu & Tshimasham, Department of Forest and Park Services, MoENR	0.000
161	Druk Air Corporation Limited	0.000
162	Druk Holding & Investments Limited (Standalone & Consolidated)	0.000
163	Druk Technology Fund	0.000
164	Dungsam Polymers Limited	0.000
165	Electricity Services Division, Trongsa, Bhutan Power Corporation Limited	0.000
166	Pel Drukdraling Foundation, Thimphu	0.000
167	Financial Institutions Training Institute Limited	0.000
168	General Hospital Phuentsholing, National Medical Services	0.000
169	Gerab Nyed-Yon Limited	0.000
170	Jamyang Khyenpa, Thimphu	0.000
171	Jangsa Animal Saving Trust, Thimphu	0.000
172	Kouphuku International Dairy Corporation, Chenari, Trashigang	0.000

173	Lhakhang Construction Project, Rajgir, India	0.000
174	Lingzhi Dzong Construction Project	0.000
175	Logistic Management Division, Phuentsholing	0.000
176	Natural Resources Development Corporation Limited, including the Regional Office, Paro, Wang Service Centre	0.000
177	ORIO Project, Dagapela, Department of Surface Transport, MoIT	0.000
178	Regional Immigration Office, Gelephu, Department of Immigration, MoHA	0.000
179	Regional Immigration Office, Phuentsholing, Department of Immigration, MoHA	0.000
180	Regional Office, Bhutan Construction and Transport Authority, Samdrup Jongkhar, including Nganglam and Pemagatshel Base Offices	0.000
181	Regional Office, Phuentsholing, including Base Offices in Phuentsholing, Gedu, Tsimasham and Samtse, Bhutan Construction and Transport Authority, MoIT	0.000
182	Regional Office, Samdrup Jongkhar, Department of Surface Transport, MoIT	0.000
183	Regional Offices, MoAL, Gelephu	0.000
184	Regional Stores Division, Pelrithang, Sarpang, Bhutan Power Corporation Limited	0.000
185	Royal Civil Service Commission, including Civil Service Welfare Scheme	0.000
186	Royal Privy Council	0.000
187	Royal Securities Exchange of Bhutan Limited	0.000
188	Shechen Dharma Society, Thimphu	0.000
189	State Trading Corporation Limited, including Phuentsholing Regional Office and 3 Fuel Outlets	0.000
190	Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan, financed by Green Climate Fund (GCF-FIC 5227), Department of Macro-Fiscal and Development Finance, MoF	0.000
191	The SASEC Transport, Trade Facilitation Logistics Project Loan-3421-BHU (ADB funded), implemented by the Regional Office, Department of Surface Transport, Phuentsholing	0.000
192	Thromde Administration, Phuentsholing, including CD account, Revenue & Education Subsidy	0.000
193	Transmission Operation and Maintenance Division, Deothang, Bhutan Power Corporation Limited	0.000
<b>Grand Total</b>		<b>9,978.867</b>



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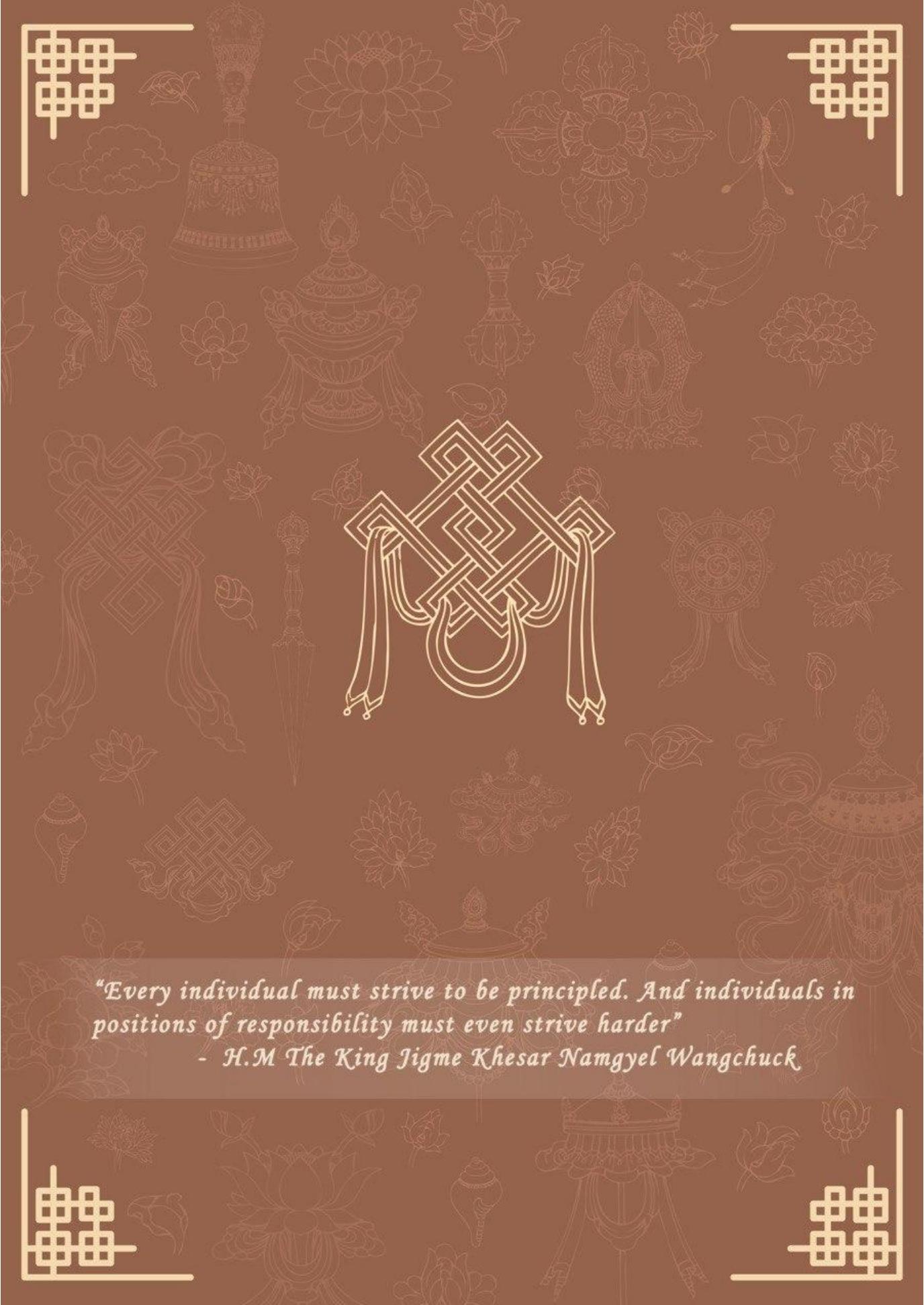
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ISBN: 978-99980-797-2-4

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*"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder"*

*- H.M The King Jigme Khesar Namgyel Wangchuck*