

RECOMMENDATIONS

- 1) Need to regulate External Funding Received by CSOs, NGOs and Other Agencies;
- 2) MoF should monitor compliance in enforcing termination and recovery clauses for fundamental breach of contract;
- 3) The government may consider incorporating specific clauses on applicable interest for delayed recoveries/adjustments from parties engaged in hydropower projects;
- 4) MoF should reinforce its strategies to achieve full operationalization of GIMS
- 5) Need for reinforcing control mechanism to regulate payment of salaries, allowances, benefits and other entitlements;
- 6) MoF should review the current practice of Closed Work Account and regulate its compliance for better control and accountability;
- 7) MoF should ensure robust monitoring controls to oversee compliance with activities executed as Deposit Works;
- 8) MoF should review and streamline the process of collecting the Rebate on the procurement of Cement and HDPE Pipes;
- 9) MoF should scale up the digitization of financial records across all budgetary agencies; and
- 10) The government should view fair compensation for public servants Breaking the Cycle of Audit Irregularities through Public Sector Salary Reform.

PERFORMANCE HIGHLIGHT 2024-25



| | Audits Conducted | Reports Issued | Follow-up Reports Issued |
|-------------------|------------------|----------------|--------------------------|
| Financial Audit | 304 | 304 | 1070 |
| Compliance Audit | 79 | 79 | 194 |
| Performance Audit | 4 | 1 | 10 |

Audit Clearance Certificates Issued:

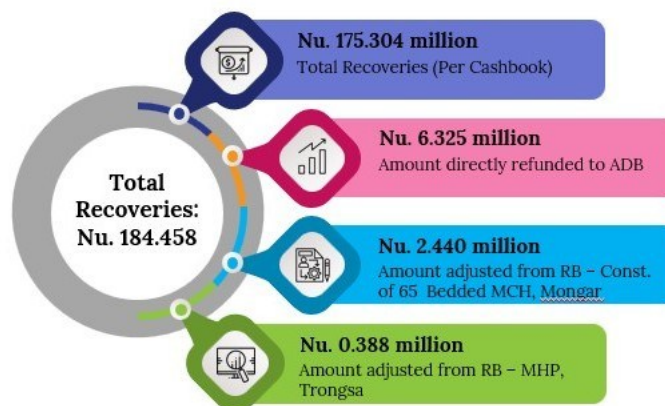
24,240

| | |
|------------------------------------|-------|
| 1 Training and Capacity Building | 5,540 |
| 2 Promotion & Career Advancement | 8,273 |
| 3 Retirement & Separation | 3,333 |
| 4 Contractual & Deployment Changes | 5,479 |
| 5 General Audit Clearance | 1,545 |
| 6 Other Purposes | 70 |

Outsourced Audits

✓ **90 Financial Audits of**
NGOs, CSOs and ROs

✓ **60 Statutory Audits**
Corporations and Financial Institutions



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Highlights Annual Audit Report 2024-2025

The Annual Audit Report 2024–25 is based on 533 audit reports and contains summaries of unresolved audit findings from 214 audit reports.

Fraud related cases accounted for 0.08% of total irregularities (Nu. 8.375 million), with Centenary Farmers Market, Thimphu reporting the highest at Nu. 8.104 million (96.77%), followed by Trongsa Dzongkhag at Nu. 0.100 million (1.19%).

Cases under Errors accounted for 99.92% of total irregularities (Nu. 9.982.606 million), with PHPA-II reporting the highest at Nu. 7,789.653 million (78.03%), followed by FCBL at Nu. 645.202 million (6.55%).



The significant audit findings are grouped into two broad categories, **Fraud** and **Errors**, and further classified into seven functional areas:

- A. Finance and Revenue Management
- B. Procurement of Works
- C. Procurement of Goods and Supplies
- D. Procurement of Services
- E. Human Resource Management
- F. Public Service Delivery
- G. Property Management

| Sl. No. | Agency | No. of Cases | Amount (Nu. in million) |
|--------------|--|--------------|-------------------------|
| 1 | Centenary Farmers Market, DAMC, 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, | 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 |
| Total | | 12 | 8.375 |

| Sl. No. | Agency | No. of Cases | Amount (Nu. in million) |
|---------|---|--------------|-------------------------|
| 1 | Punatsangchhu Hydroelectric Project Authority, Phase II | 27 | 7,789.653 |
| 2 | Food Corporation of Bhutan Limited | 4 | 654.202 |
| 3 | Punatsangchhu Hydroelectric Project Authority, Phase I | 13 | 378.942 |
| 4 | Ugyen Pema Zangdo Pelri Chhoetshok, Paro | 4 | 180.841 |
| 5 | Dzongkhag Administration, Trashiyangtse | 31 | 142.147 |
| 6 | Farm Machinery Corporation Limited | 16 | 133.692 |
| 7 | Royal Insurance Corporation of Bhutan Limited | 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 |