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ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



RAA/AG-SP/04/2025-26/121

1st April, 2026

Public notification on the:

1. Suspension of Audit Clearance Certificates (ACC) Issued Through Undertaking
2. Suspension of Transfer of Accountability
3. Withholding of ACC to Heads of Agencies (HoAs) with unresolved audit issues.

The Royal Audit Authority (RAA), as the guardian of public resources and accountability, has the constitutional mandate to audit and report on the economy, efficiency, and effectiveness in the use of public resources. It also bears the responsibility to promote integrity and accountability among public servants. In fulfilling this mandate, the RAA issues Audit Clearance Certificates (ACC) to public servants. The ACC is not a procedural formality but a statutory control mechanism to ensure that public servants are free from audit accountability. It is a public assurance—a confirmation that a public servant entrusted with national resources has discharged that responsibility without any outstanding audit accountability. It is, therefore, fundamental to decisions relating to promotion, training, and post-retirement benefits etc.

The RAA had, as an exceptional and temporary facilitative measure, allowed:
(a) issuance of ACC based on undertakings to resolve audit observations at a later date; and
(b) transfer of accountability.

These measures introduced in good faith were intended to ease administrative bottlenecks. But in practice, they have had unintended and serious consequences. These practices have been misapplied, contributed to the deferral and dilution of accountability, resulted in prolonged pendency and continued accumulation of unresolved audit observations and weakening of the integrity of the ACC system. Thus, the continuation of the current practices presents the following risks:

- Erosion of accountability: Public servants obtain ACC without resolving audit irregularities;
- Weak enforcement: Heads of Agencies are not sufficiently compelled to ensure timely closure of audit observations;

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- His Majesty the King Jigme Khesar Namgyel Wangchuck*



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- Institutional credibility risk: Public confidence in oversight mechanisms may be undermined; and
- Legal inconsistency: Practices deviate from the intent and spirit of the Audit Act of Bhutan, 2018.

In the interest of upholding the principles of accountability, transparency and good governance, the RAA with immediate effect, and until further notice or issuance of a revised policy, the practice of issuing ACC on the basis of undertakings and transfer of accountability is hereby suspended. This decision is taken in view of the following objectives to:

- Compel timely resolution of audit accountability;
- Strengthen accountability in the management of public resources;
- Safeguard the credibility of public trust in public institutions; and
- Preserve the integrity and credibility of the audit clearance system.

Further, notwithstanding the RAA's directive issued in December 2025 requiring submission of Action Taken Reports (ATR) within three months, several Heads of Agencies have either failed to comply or have submitted incomplete or unsatisfactory ATRs, as a result still substantial number of issues remained unresolved. Such failure constitutes a violation of statutory obligations under Chapter 9, Section 146 of the Audit Act of Bhutan, 2018. The RAA once again calls upon all HoAs and public servants to ensure resolution of all outstanding audit concerns on or before 30th June, 2026. Failure to comply with this notification shall constitute dereliction of duty and shall attract additional actions/sanctions in addition to withholding of ACC for the unresolved audit accountability as provided for under the Audit Act of Bhutan 2018.

At its core, this notification is about upholding a simple but fundamental principle: Public office carries public accountability—and that accountability must be real, not deferred. As a matter of principle and law, ACC hereon shall only be granted where no audit accountability exists.

Auditor General



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