

རྒྱལ་ཁབ་ཚུལ་ཞིབ་དབང་འཛིན།

ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



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

REVIEW REPORT OF PERFORMANCE AUDIT REPORTS

June 2020

*"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*



རྒྱལ་གཞུང་རྩིས་ཞིབ་དབང་འཛིན།
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Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



RAA/ (AG-SP)/03/2020/ 121

Date: 29 June 2020

The Hon'ble Speaker
Gyal Yong Tshokhang
Thimphu

Subject: Submission of Review Report of Nine Performance Audit Reports

Your Excellency,

In accordance with **Chapter 13** (b) (2) of the Rules of Procedures of Public Accounts Committee, the Royal Audit Authority (RAA) has the honour to submit the review report of the following nine Performance Audit Reports:

1. Performance Audit Report on Food Self-sufficiency & Security
2. IT Audit Report on Core Banking System of BDBL
3. IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform
4. Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)
5. Performance Audit Report on Revenue collection & management in Thromdes
6. Performance Audit Report on Bhutan Chamber of Commerce and Industry
7. Report on Review of In-country Travel
8. Performance Audit Report on Provision of Drinking Water in Thimphu Municipality
9. Performance Audit Report on Delivery of OPD Services at JDWNRH

The RAA had reminded the concerned agencies to submit the Action Taken Report (ATR) and the latest status on implementation of recommendations. Based on the ATR and Management Action Plan (MAP) received from the concerned agencies, the RAA has conducted the desk review followed by field visits, wherever possible.

The status of the reports as of 31 March 2020 are detailed in Exhibits enclosed herewith along with the review of MAPs for five prioritized performance audit reports which are contained in **Annexure-I** for kind perusal.

Thanking you and looking forward to Your Excellency's continued support.

Yours respectfully,

(Tshering Kezang)
Auditor General of Bhutan



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Copy to:

1. The Hon'ble Prime Minister, Royal Government of Bhutan
2. The Hon'ble Chairperson, National Council of Bhutan
3. The Hon'ble Opposition Leader, National Assembly of Bhutan
4. The Hon'ble Chairperson, Public Accounts Committee, 3rd Parliament of Bhutan (5 Copies)
5. The Chairperson, Royal Civil Service Commission, *in respect of* review report of Performance Audit Report on Review of In-country Travel
6. The Secretary, Cabinet Secretariat, *in respect of* review report of IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform
7. The Secretary, Ministry of Agriculture and Forests, *in respect of* review report of Performance Audit Report on Food Self-sufficiency and Security and IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform
8. The Secretary, Ministry of Foreign Affairs, *in respect of* review report of IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform
9. The Secretary, Ministry of Finance, *in respect of* review report on Review of In-country Travel and Performance Audit Report on Revenue Collection & Management in Thromdes
10. The Secretary, Ministry of Home & Cultural Affairs, *in respect of* review report on Review of In-country Travel
11. The Secretary, Ministry of Health Thimphu, *in respect of* review report of Performance Audit Report on Delivery of OPD Services at JDWNRH
12. The Secretary, Ministry of Works and Human Settlement, Thimphu, *in respect of* review report of Performance Audit Report on Provision of Drinking Water in Thimphu Municipality and Performance Audit Report on Revenue Collection & Management in Thromdes
13. The Secretary, National Land Commission Secretariat, *in respect of* review report of Performance Audit Report on Food Self-sufficiency and Security
14. The Secretary, Gross National Happiness Commission, *in respect of* review report of Performance Audit Report on Food Self-sufficiency & Security and Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)
15. The Secretary, National Environment Commission Secretariat, *in respect of* review report of Performance Audit Report on Provision of Drinking Water in Thimphu Municipality
16. The Thrompon, Thimphu Thromde *in respect of* review report of Performance Audit Report on Provision of Drinking Water in Thimphu Municipality and Performance Audit Report on Revenue Collection & Management in Thromdes
17. The Thrompon, Gelephu Thromde *in respect of* review report of Performance Audit Report on Revenue Collection & Management in Thromdes
18. The Thrompon, Phuentsholing Thromde *in respect of* review report of Performance Audit Report on Revenue Collection & Management in Thromdes
19. The Thrompon, Samdrup Jongkhar Thromde *in respect of* review report of Performance Audit Report on Revenue Collection & Management in Thromdes



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20. The Officiating President, Jigme Dorji Wangchuck National Referral Hospital, Thimphu *in respect of* review report of Performance Audit Report on Delivery of OPD Services at JDWNRH
21. The Chief Executive Officer, Bhutan Development Bank Limited, *in respect of* review report of IT Audit Report on Core Banking System of BDBL

Abstract of Review Reports

A. Performance Audit Report on Food Self-sufficiency and Security

The Performance Audit Report on Food Self-sufficiency and Security was conducted with the overall objective to ascertain the efficiency and effectiveness of Ministry of Agriculture and Forests (MoAF) in enhancing food self-sufficiency and security by making various kinds of food available through improved production, and access to food for the period covering from 2012-13 to 2016-17. The final report was issued on 11 February 2019.

The report contained 18 observations and 14 recommendations which are intended to address the shortcomings and deficiencies thereby enhancing efficiency and effectiveness of the Ministry in enhancing food security.

After 1st desk review of Management Action Plan (MAP) submitted by the Ministry of Agriculture and Forest, National Land Commission Secretariat and Gross National Happiness, three recommendations are considered fully implemented, six partially implemented and five recommendations not implemented.

The status of the recommendations are attached as **Exhibit – A**.

B. IT Audit Report on Core Banking System of BDBL

The IT Audit Report on Core Banking System of BDBL was conducted with the objective to assess the effectiveness of system migration in achieving the organization goals including accuracy and completeness of data migration, effective incorporation of compliance requirements, and adequacy and effectiveness of IT controls in Finacle CBS for the period covering from 01 April 2017 to 30 September 2018. The final report was issued on 05 April 2019.

The report contained 14 observations under three broad categories and 4 recommendations which are emphasised on effectiveness of system migration in achieving organisation goals, data migration, incorporation of compliance requirements, and effectiveness of IT controls in Finacle CBS.

After 1st desk review of Management Action Plan (MAP) submitted by the Bhutan Development Bank Limited (BDBL), two recommendations are considered fully implemented and remaining two as partially implemented.

The status of the recommendations are attached as **Exhibit – B**.

C. IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform

IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform was conducted with the overall objective to assess the efficiency and effectiveness in the public service delivery through G2C platform (focused on governance and management of G2C and systems operation of passport and DoFPS services) for the period covering from 01 January 2015 to 31 December 2017. The final report was issued on 25 March 2019.

The report contained 29 observations under four broad categories and nine recommendations which are aimed to enhance efficiency and effectiveness in the provision of online public service delivery.

After 1st desk review of Management Action Plan (MAP) submitted by the Public Service Delivery Division (PSDD), Department of Forest & Park Services (DoFPS), Passport Division, Department of Local Government (DLG) and Department of Information and Technology (DIT), four recommendations are considered fully implemented and two partially implemented for PSDD.

In case of Passport division, three recommendations are considered fully implemented and two partially implemented. The DoFPS has fully implemented four recommendations, one partially implemented and one recommendation not implemented. In case of DLG, one recommendation is considered partially implemented while DIT has one recommendation not implemented.

The status of the recommendations are attached as **Exhibit – C**.

D. Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)

Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs) was conducted with the objectives to ascertain the adaption of 2030 Agenda by the Government into its national context, to determine whether the Government has identified and secured the resources and capacities needed to implement the 2030 Agenda and to evaluate whether the Government has established a mechanism to monitor, follow-up, review and report on the progress towards the implementation of the 2030 Agenda for the period covering from 25th September 2015 to 31st March, 2018. The final report was issued on 30 September 2018.

The report contained 12 observations under three broad categories and five recommendations in order to effectively prepare and implement the SDGs.

After 1st desk review of Management Action Plan (MAP) submitted by the Gross National Happiness Commission (GNHC), all the five recommendations are considered fully implemented.

The status of the recommendations are attached as **Exhibit – D**.

E. Performance Audit Report on Revenue Collection and Management in Thromdes

The Performance Audit Report on Revenue Collection and Management in Thromdes was conducted with the overall objective to assess the efficiency and effectiveness of revenue collection and management for the period covering from 01 July 2012 to 30 June 2017. The final report was issued on 25 May 2018.

The report contained 22 observations under two broad categories and 14 recommendations which are intended to address the shortcomings and deficiencies thereby enhancing efficiency and effectiveness of revenue collection and management in Thromdes.

After 2nd desk review of Action Taken Report submitted by the Thromdes, Thimphu, P/ling, Gelephu and Samdrup Jongkhar, nine recommendations are partially implemented and one recommendation not implemented for Thimphu Thromde. In case of Samdrup Jongkhar Thromde, four recommendations are considered fully implemented, six partially implemented and one recommendation not implemented.

In case of Phuentsholing and Gelephu Thromdes, five recommendations are considered fully implemented, seven partially implemented and one recommendation not implemented.

The status of the recommendations are attached as **Exhibit – E**.

F. Performance Audit Report on Bhutan Chamber of Commerce & Industry

The Performance Audit Report on Bhutan Chamber of Commerce and Industry was conducted with the overall objective to ascertain the economy, efficiency and effectiveness of the operations of Bhutan Chamber & Industry (BCCI) in private sector development for the period covering 01.01.2013 to 31.12.2017. The final report was issued on 15 August 2018.

The report contained 31 observations under five broad categories and 15 recommendations which are aimed at enhancing economy, efficiency and effectiveness in addressing operations of the BCCI.

After 3rd desk review of Action Taken Report submitted by the Bhutan Chamber of Commerce & Industry (BCCI), three recommendations are considered fully implemented and nine partially implemented.

The status of the recommendations are attached as **Exhibit – F**.

G. Review of In-country Travels

The Review of In-country Travel was conducted with the overall objective to ascertain if the travel claims are for bonafide purposes in respect of travels actually performed, duly authorized, approved, classified, paid and recorded accurately for the period covering from 2012 to 2016. The final report was issued on 02 February 2018.

The report contained 21 observations under two broad categories and 10 recommendations which are intended to enhance greater accountability, improved decision-making and effective implementation of the same by the budgetary agencies.

After 3rd desk review of Action Taken Report submitted by the Ministry of Finance (MoF), all the 10 recommendations are considered fully implemented.

The status of the recommendations are attached as **Exhibit – G**.

H. Performance Audit Report on Provision of Drinking Water in Thimphu Municipality

The Performance Audit Report on Provision of Drinking Water in Thimphu Municipality was conducted with an overall objective to ascertain the effectiveness of Thimphu Thromde in providing safe, adequate, reliable and equitable drinking water to its population for the period from 2010 to 2016. The final report was issued on 14 August 2017.

The report contained 37 observations under three broad categories and 15 recommendations which are intended to enhance economy, efficiency and effectiveness in provision of drinking water in Thimphu thromde.

After 5th desk review of Action Taken Report submitted by the Thimphu Thromde, six recommendations still remained partially implemented.

The status of the recommendations are attached as **Exhibit – H**.

I. Performance Audit Report on Delivery of OPD Services at JDWNRH

The Performance Audit Report on Delivery of OPD Services at JDWNRH was conducted with an overall objective to ascertain and report on the efficiency in the Delivery of OPD Services at JDWNRH covering the period from 2014 to 2016. The final report was issued on 22 August 2017.

The report contained 13 observations and 11 recommendations which are intended to enhance greater accountability, improved decision-making and effective implementation of plans and programmes on “Delivery of OPD Services at JDWNRH.

After 5th desk review of Action Taken Report submitted by the JDWNRH, one recommendation still remained partially implemented.

The status of the recommendations are attached as **Exhibit – I**.

Annexure-I

Review of MAPs for Five Prioritized Performance Audit Report

Annexure-I

Review of MAPs for five Prioritized Performance Audit Reports								
Sl. No.	Report/Agency	AIN	Period	Report No. & date	Report issue date	MAP Date	No. of Recommendation	Remarks
1	Housing Development-Adequacy and Affordability	15831	01/01/2013 to 31/12/2017	RAA/PSAD/2018-19/726 dated 20/03/2019	20-03-2019	21-06-2019	15	MAP not received. Request letter for MAP sent vide RAA/PAD/PA-Housing/MAP-05/2020/1098 dated 28/05/2020.
2	Road maintenance works, DoR, MoWHS	16163	2013-14 to 2017-18	RAA/TAD/(PA-MoWHS)/2019-20/2575 dated 25/10/2019	25/10/2019	24/01/2020	8	MAP received on 12/02/2020. The review will be conducted in July or August 2021 since most of timelines provided for implementation of recommendations are during the end of FY 2020-21.
3	Microfinancing	16179	01/01/2014 to 31/12/2018	RAA/PSAD/2019-20/2569 dated 25/10/2019	25/10/2019	25/01/2020	6	MAP received on 27/05/2020. The review will be conducted in January or February 2021 since most of the recommendations would be implemented by then.
4	Urban Planning and Development in Thimphu Throm	16269	2013-14 to 2017-18	RAA/PSAD/(PA-TT&MoWHS)/2019-20/3110 dated 27/10/2019	27/10/2019	27/03/2020	11	MAP received on 14/04/2020. The review will be conducted in July or August 2021 since most of the recommendations would be implemented by then.
5	Review of Judiciary System and Practices	16001	2012 to 2016	RAA/AG-SP/2018-19/055 dated 02/07/2019	02-07-2019	30/09/2019	17	MAP not received.

EXHIBIT-A

**Review Report of Performance
Audit Report on Food Self-
sufficiency and Security**

Audit Report : Performance Audit Report on Food Self-sufficiency & Security (AIN: 15651)		
Date of Issue : 11 February 2019		
Name of Agency (s) : Ministry of Agriculture and Forest, National Land Commission Secretariat and Gross National Happiness Commission		
No. of Review : 1 st Review		
Recommendation	Action Taken/ To be Taken	Status on 1st Review
<p>4.1 Ministry should establish proper institutional linkages for an integrated approach to achieve food security</p> <p>The FNS Policy provides for formation and involvement of several Ministries and institutions to work together to ensure their programs relate appropriately and contribute to the immediate and longer-term food and nutrition security policy objectives. Full implementation of the Policy through coordinated and integrated approach of all relevant agencies will ensure informed decisions and appropriate strategic directions related to food and nutrition security in the country.</p> <p>Therefore, the Ministry must spearhead and take the lead in formation of a high-level national committee to ensure their programs relate appropriately and contribute to immediate and longer term food and nutrition security policy objectives.</p>	<p>RNR enterprise development initiated in 12th FYP to address value addition for food commodities and Guideline to facilitate the RNR enterprise developed. Multi-stakeholder task force constituted for developing white paper on school and hospitals feeding program with local produce.</p>	<p>Partially Implemented</p> <p>While RAA appreciated the development of RNR enterprise development guideline, the full implementation of the guideline through coordinated and integrated approach of all relevant agencies will be reviewed upon submission of the implementation status/ reports to the RAA.</p> <p>In view of the above, the recommendation is considered partially implemented.</p>

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Date of Issue	: 11 February 2019
Name of Agency (s)	: Ministry of Agriculture and Forest, National Land Commission Secretariat and Gross National Happiness Commission
No. of Review	: 1 st Review

Recommendation		Action Taken/ To be Taken	Status on 1st Review
4.2	<p>Ministry in collaboration with NLCS should formulate a comprehensive agriculture land classification and zones</p> <p>At present, Ministry lack a comprehensive agriculture land classification and zones for an integrated land use management. Considering the importance of land mapping and zones, it is imperative that Ministry formulates a comprehensive land classification and zones on suitability of land for agriculture and non-agriculture purposes, which will ensure development of strategic plans for proper land use management in the country. More importantly, the Government must have a clear understanding and inventory on the total arable land in the country that will help natural resource planners, NLCS and MoAF in regulating and monitoring the land use and management in the country. Further, classification maps can be used to recommend the quality and quantity of rural land that could be zoned for</p>	<p>Will provide technical support to NLCS for land classification and zoning mapping of agriculture land since the project is based in NLCS. National Land Use Zoning implementation guidelines 2018 launched, the 1st phase of zoning project is being implemented.</p>	<p>Partially Implemented</p> <p>The recommendation is considered partially implemented since the National Land Use Zoning Implementation Guidelines 2018 is launched and 1st phase of zoning is being implemented.</p> <p>However, the zoning for entire country would be carried out and national zoned maps will be produced only by 2021 in the 2nd phase of the project.</p> <p>The time line given for implementation of the recommendation is from 2018-2023.</p>

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No. of Review	: 1 st Review		
Recommendation		Action Taken/ To be Taken	Status on 1st Review
	<p>agricultural production and protection from incompatible development.</p> <p>Therefore, the Ministry should ensure land capability mapping to be completed at the earliest to identify areas that can sustainably support various uses such as agriculture or other development activities.</p>		
4.3	<p>GNHC should develop a resource allocation formula</p> <p>The Government had made investments into agriculture over the past plans that have benefitted rural farming households yet, it could not significantly transform the practice of subsistence agriculture. Unlike for local governments, the budget allocation for Ministries is not based on a standard formula. It is desirable that GNHC further strengthen efforts to restructure and transform our subsistence farming practice through systematic and prioritized investment in enhancing production and productivity, expanding infrastructures,</p>	<p>Allocation of capital resources to ministries/ central agencies is based on plan activities and the quality of programs/ projects proposed by the agencies in the five year plan. However, to the Local Governments (Dzongkhags, Gewogs and four thromdes) capital resources are provided based on Resource Allocation Formula (RAF).</p> <p>Food self-sufficiency being a national priority, RAF for LGs have the criteria. (<i>Ref. Annex-I</i>).</p> <p>In view of the above, GNHC does not have plans to develop formula for achieving food self-sufficiency and security at central level as this has already been factored for allocating resources to local governments where actual production to achieve food self-sufficiency takes place.</p>	<p>Implemented</p> <p>The GNHC reported that the RAF is applied to the local governments since the actual production to achieve food self-sufficiency takes place in Dzongkhags, Gewogs and thromdes, while the allocation of budgets at the Ministry level is based on the planned activities and programs.</p> <p>In view of the above, the recommendation is considered implemented.</p>

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No. of Review	: 1 st Review		
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	improving agricultural marketing mechanisms amongst others.		
4.4	<p>NLCS should finalize the draft National Land policy</p> <p>The draft National Land Policy (2011) has not been finalized and the MoAF does not have a strategic plan for land use management, impeding proper implementation and land utilization initiatives in the country. The NLCS as the agency responsible to manage regulate and administer the ownership and use of land should finalize the draft policy that will ensure framework on land, coordinated use and management of land resources to enhance their productivity and contribution to social, economic and environmental development in the country.</p>	National Land Policy Framework Development initiated.	<p>Partially Implemented</p> <p>It has been noted the NLCS has drafted a new National Land Policy Framework and stakeholder consultation is in the process.</p> <p>In view of the above, the recommendation is considered partially implemented.</p>
4.5	<p>Ministry should ensure sustainable use and management of agriculture land</p> <p>The loss of agricultural land has huge potential to reduce food availability. The</p>	<ol style="list-style-type: none"> 1. Reversion of fallow land for cultivation in 12th FYP; 2. Agriculture Land Development Guidelines developed for implementation; and 	<p>Partially Implemented</p> <p>While RAA appreciates the Ministry for coming up with various policy interventions and initiatives, it should be effectively</p>

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No. of Review	: 1 st Review	
Recommendation	Action Taken/ To be Taken	Status on 1st Review
<p>area available for most grain crops have been declining in the last decade and correspondingly the production has also decreased undermining the self-sufficiency targets. With only 2.9% of cultivated land in the country, and increasing cases of conversion of land to non-agriculture purposes, there is a need for an intervention on land development and sustainable land management through appropriate reforms. Further, there is no intervention or monitoring mechanism to monitor prime agriculture lands left fallow for strategic planning and use. There is also no policy support for facilitating labour shortage to meet peak agricultural labour demands.</p> <p>Therefore, the Ministry should ensure sustainable development and management of arable land enhancing agriculture productivity. A policy on sustainable use and management of agriculture land will aid policy makers and planners to establish a common approach and practice for</p>	<p>3. Sustainable land use program is initiated through organic flagship programs.</p>	<p>implemented considering the increasing area of fallow land in the country.</p> <p>The implementation period is from 2019 to 2023.</p> <p>Until such time, the recommendation shall remain partially implemented.</p>

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No. of Review	: 1 st Review		
Recommendation		Action Taken/ To be Taken	Status on 1st Review
	agriculture land development programs and activities across the country.		
4.6	<p>The MoAF should ensure maintenance of National Food Security Reserve with FCBL</p> <p>The need to maintain a national level food reserve has been discussed since 1990s but the Government has not reviewed the food reserve level in preparedness for any national emergencies. There is no mechanism instituted by the Government to ensure maintenance of desired level of food reserves by FCBL. The current food reserve level maintained by FCBL is inadequate to respond during national emergencies considering the increase in population.</p> <p>Therefore, the MoAF on a priority basis need to review the existing food security reserve and ensure food security in the country during national emergencies.</p>	Initiate the establishment of National Food Security Reserve, MoAF to seek fund support.	<p>Not Implemented</p> <p>The MoAF in collaboration with the Government and the FCBL in particular should ensure maintenance of NFSR fulfilling the requirement under SAARC Food Security Reserve and the SAARC Food Bank.</p> <p>The MoAF and FCBL should provide a definite time frame for implementation of the recommendation.</p> <p>Until such time, the recommendation shall remain as not implemented.</p>
4.7	Ministry should finalize the subsidy policy	Ministry has renamed the subsidy policy document as the Cost Sharing Mechanism	Implemented

Exhibit-A

Audit Report	: Performance Audit Report on Food Self-sufficiency & Security (AIN: 15651)
Date of Issue	: 11 February 2019
Name of Agency (s)	: Ministry of Agriculture and Forest, National Land Commission Secretariat and Gross National Happiness Commission
No. of Review	: 1 st Review

Recommendation	Action Taken/ To be Taken	Status on 1st Review
<p>The draft policy on subsidy indicates that the existing subsidy activities lack explicit and clear policy criterion with interventions too thinly spread in many activities, thus questioning its effectiveness on intended poverty alleviation, food security and farm income objectives. In addition, subsidies are provided based on the availability of budget that poses challenges both to planners and farmers.</p> <p>Therefore, an intervention in agricultural subsidies aimed at increasing food security is considered necessary. The government may consider having provisions of a higher level of subsidy in essential food commodities and prices in particular. In view of this, the Ministry should on a priority basis, finalize the agricultural subsidy policy to ensure effective implementation by the relevant agencies and stakeholders. It is recommended that subsidies to be standardized and applied uniformly across all programs coming through various agencies.</p>	<p>document and this is being finalized and endorsed for implementation by the 101st RNR GNH Committee. Document was published on 19th April 2019.</p>	<p>The MoAF has come up with the Guidelines on Cost-Sharing Mechanism for the RNR Sector in place of Subsidy Policy document in which the actors involved in the production/processing/marketing share the costs involved.</p> <p>As per the guidelines, the MoAF has also worked out various different cost sharing mechanisms for the three sectors (Agriculture, Livestock and Forests) depending on the type of products/services and the type of cost function.</p> <p>However, the MoAF should ensure uniform and effective implementation by the relevant agencies and stakeholders across all programs.</p> <p>In view of the above, the recommendation is considered implemented</p>

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Recommendation		Action Taken/ To be Taken	Status on 1st Review
4.8	<p>Ministry in collaboration with the financial institutions should come up with affordable access to credit and crop insurance schemes</p> <p>Existing credit facilities and insurance schemes does not exhibit adequate support towards the growth of the agricultural and rural economy. Credit to agriculture sector has been negligible compared to credits in other economic sectors with only 5.33% in 2017. Further, crops damaged by natural calamities is one of the main constraints faced by our farmers and there is lack of support from the government and financial institutions aimed at stabilizing farmers' incomes ensuring availability of capital for investment in the next season, irrespective of their harvest.</p> <p>The MoAF and Government should study and formulate affordable access to credit and crop insurance schemes through involvement</p>	<p>Affordable access to credit is being made available to farmers through Priority Sector Lending (PSL). FIs have come up with various kinds of credit schemes and products to benefit individuals, groups and cooperatives providing and marketing activities. Review of past activities is done & few amendments have been made to include new list of activities.</p> <p>MoAF has worked very closely with RMA in designing the crop/ livestock credit schemes for the Priority Sector Lending (PSL).</p> <p>A meeting was held between MoAF & RICBL officials in May 2019 to discuss on possibility of introducing an insurance scheme for Agri/Livestock farmers. The discussion flagged major issues like majority of the farmers falling under the small scale with limited returns and therefore may not be able to pay the premium set by RICBL (premium worked out by RICBL will not be affordable by small scale farmers. In the 11 FYP there was discussion on similar scheme between the MoAF & RICBL and this initiative</p>	<p>Partially Implemented</p> <p>With the introduction of PSL with inclusion of modality of PLS insurance for farmers through RMA and financial institutions, it is expected that there will be growth in the agriculture sector and supplement in enhancing food self-sufficiency and security.</p> <p>While RAA noted some reservations from the insurance companies on the crop insurance schemes, it is felt necessary for the farmers to protect from unforeseen risks due to natural calamities.</p> <p>As such, the MoAF and government should come up with the affordable crop insurance schemes in collaboration with the financial institutions for agriculture development and growth.</p>

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	of financial institutions for agriculture development and growth.	was left due to the premium proposed by RICBL. The reason cited by RICBL on the high premium was due to their policy of re-insurance for uncertain business like agriculture/livestock which are prone to natural calamities). But farmers/producers/entrepreneurs engaged in large scale businesses avail insurance on their own personal interest and own cost.	
4.9	<p>Ministry should intervene and strengthen strategies to address Human wildlife conflict</p> <p>Food crops damaged by wildlife and natural calamities are the main constraints faced by our farmers. In 2016 alone, farmers sustained an estimated monetary loss aggregating to Nu. 370.18 million as a result of human wildlife conflict. Incidences of human-wildlife conflict have undermined livelihood and abandonment of lands. The current situation and statistics on crops damage provide enough evidence that the initiatives and schemes to address human wildlife</p>	<p>HWC management strategy 2008 reviewed. Based on the review, new HWC management strategy developed. National Human- Wildlife Conflict Management Strategy of Bhutan (2018-2028) attached.</p>	<p>Not implemented</p> <p>The Ministry has reported that a new National Human- Wildlife Conflict Management Strategy of Bhutan (2018-2028) is developed for addressing the human wildlife conflicts.</p> <p>However, the implementation status of the same will be reviewed on submission of the status/ progress reports.</p> <p>The time line given for implementation of the recommendation is from 2020 to 2023.</p>

Audit Report : Performance Audit Report on Food Self-sufficiency & Security (AIN: 15651) Date of Issue : 11 February 2019 Name of Agency (s) : Ministry of Agriculture and Forest, National Land Commission Secretariat and Gross National Happiness Commission No. of Review : 1 st Review			
Recommendation		Action Taken/ To be Taken	Status on 1st Review
	<p>conflict are not adequate in facilitating development of agriculture.</p> <p>This warrants serious review to render the strategies and plans more relevant and effective. It is desirable to have in place mechanisms to minimize conflicts through various strategies, adequate technical and financial resources and coordination amongst relevant agencies. Therefore, there is a need for the Ministry to introduce a sustainable and viable compensation schemes to reduce such conflicts in local livelihoods, and sustain long-term protection of agriculture lands.</p>		
4.10	<p>Ministry should develop and maintain food information management system</p> <p>There is absence of integrated food information management system on information collection, management and dissemination, which is important to support operations, management and decision-making functions at various level of</p>	<p>Yearly import of major food commodities from India and other countries validated, compiled and released (Data source: Bhutan Trade Statistics).</p> <p>Annual agriculture and livestock statistics archived and disseminated (Harvest area and production).</p>	<p>Not implemented</p> <p>The time line given for implementation of the recommendation is from 2020 to 2023.</p>

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	<p>organisations. Currently the information are maintained by respective Departments resulting in limited access to varied categories of information such as agricultural production, budget, trend, markets prices, land classification, subsidies, irrigation schemes, storage facilities, etc.</p> <p>Therefore, there is a need for the Ministry to develop a centralised food information management system that will facilitate and ensure comprehensive and up to date information related to food.</p>	<p>BTS already has the import and export data. Therefore, it will be a duplication to maintain export/ import data at the ministry. However, the DAMC, MoAF will continue to collect data on the domestic trade of RNR commodities.</p>	
4.11	<p>Ministry should maintain comprehensive market information</p> <p>At present, Ministry lack a comprehensive market information on prices of varied food commodities, demand and supply, current market situation and forecasts, food auction dates are key information for creating enabling market environment. Considering the importance of market information for effective supply chain, and facilitation of</p>	<p>With the support of EU-ITC project, the department has started improving its market information system. The upgraded system will cover markets of all 20 Dzongkhags and cover more commodities. Regular (daily or weekly) updates will be available for all people through our website, Interactive Voice Response (IVR), and by using a data app on one’s smart phones. The department will also publish regular market reports for wider circulation to enable proper planning by farmers/ traders.</p>	<p>Partially Implemented</p> <p>The DAMC reported that Agricultural market Information System (AMIS) is almost complete and in a final stage of launching. However, the DAMC is in talk with RSEB to explore potential import of online auction prices.</p>

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<p>suppliers and consumers on market opportunities, it is imperative that Ministry maintain accurate, complete, reliable and up-to-date market information.</p> <p>Therefore, Ministry should strengthen the market information system at national and regional level involving relevant stakeholders such as private sectors, Cooperatives and FGs, FCBL, etc. through development of computerized information management system to enhance accuracy and reliability of information.</p> <p>Besides, there is an urgent need to stabilize the huge fluctuation prices in the market with appropriate intervention and regulations by the Ministry. It is desirable that the Ministry conduct studies and research on market dynamics to come up with a strategy based on cost of production and appropriate intervention and regulations to improve price fluctuations and market accessibility.</p>		<p>The status of the recommendation shall remain partially implemented until the AMIS is officially launched.</p>

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<p>4.12 Ministry should establish a robust system and strengthen its monitoring roles</p> <p>Presently, there is lack of adequate monitoring and evaluation on the operation and functioning of the Coops FGs by the DAMC, MoAF. Absence of adequate monitoring and supervision of the Cooperatives and FGs has led to non-compliances, non-maintenance of vital information of Coops and FGs such as contribution to total production, performance, needs, etc.</p> <p>Effective Coops and FGs have shown to have positive and significant contribution in growth of country's economy. Therefore, to ensure efficacy of the initiative initiated by the Ministry as well as to ensure compliances to the prescribed law, there should be an adequate monitoring and evaluation system in place. Further adequate monitoring and supervision ensures safeguard of resources</p>	<p>The department has institutionalized the annual M&E of FGs and Coops. The current Co-operative Act is in the process of being amended, which will further strengthen the M&E of FGs and Co-operatives. Capacity building of members of FGs and Co-ops on better record keeping, inventory, accounting and better business management are a continuous process.</p>	<p>Not Implemented</p> <p>The amendment of Co-operative Act is in the process and the time line given for implementation of the recommendation is from 2020 to 2021.</p>

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	spent on development of such Coops and FGs ultimately providing value for money.		
4.13	<p>Ministry should strengthen existing market infrastructures</p> <p>Although emphasis have been given in managing agriculture outputs through construction of marketing infrastructure, the statistics on production and export does not exhibit growth of agriculture sector in real terms. Lack of post-harvest facilities for perishable nature of vegetables discourages farmers to produce in mass quantities.</p> <p>The Ministry should develop, strengthen and manage existing market infrastructures such as irrigation channels, cold storages and ensure infrastructures are strategically located to facilitate the marketing system and supply chain of produces. Further, Ministry should initiate measures in collaboration with FCBL to improve the effectiveness in the operation of the Farm Shops in fulfilling its intended objectives of providing market</p>	<p>As per the division of responsibility framework given by the GNHC, all market infrastructure development will be under the LGs and the role of the central agencies will be confined to the provision of technical support.</p> <p>Nonetheless, the department developed a Guide for Market Infrastructure Development, wherein all the requirements and procedures for establishing market infrastructure have been specified. The Guideline is made available to all implementing agencies. For large capital intensive MI, the department will support in the conduct of feasibility studies based on their request.</p>	<p>Implemented</p> <p>RAA noted that the Ministry has developed a Guideline for the establishment of RNR market infrastructure in December 2018.</p> <p>The DAMC provides the technical support while the development of MI lies with the LGs.</p> <p>In view of the above, the recommendation is considered implemented.</p>

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	information and buyback of RNR produce at guaranteed price from the farmers.		
4.14	<p>Ministry should conduct training need analysis and impact assessment</p> <p>There was no training need analysis or impact assessment carried out by the Ministry to ascertain any performance gaps and skill deficits of the farmers. Further lack of information on trainings imparted and uncoordinated approach undermines the purpose of training programmes initiated for realizing the intended outcomes and thus, resulting in waste of resources.</p> <p>The Ministry should conduct need analysis and impact assessment on trainings imparted besides maintaining records of the various training programmes related to farmers and agriculture development. Further, the Ministry, RDTC and Dzongkhags should work closely on training programmes to achieve the common goal.</p>	<p>Conduct farmer’s training need assessment and impact study.</p> <p>We have started ground works, by putting the recommendation (4.14) as one of the priority in the IWP. The EU funded project under the MoAF will be funding the study and it will be done soon. A study design is discussed at the Policy and Planning Division and a team informed to carry out the impact study on farmers training in Bhutan.</p>	<p>Not Implemented</p> <p>The RAA was informed that the training need analysis has been carried out besides maintaining the repository for trainings imparted.</p> <p>The Ministry is yet to come out with the impact assessment to ascertain performance gap and skills deficits of the farmers.</p> <p>Since the time line provided for implementation of the recommendation is from 2020 to 2023, the status shall remain as not implemented.</p>

EXHIBIT-B

**Review Report of IT Audit
Report on Core Banking
System of BDBL**

Exhibit-B

Audit Report	: IT audit report on core banking system of BDBL (AIN: 15742)
Date of Issue	: 5 April 2019
Name of Agency (s)	: Bhutan Development Bank Limited (BDBL)
No. of Review	: 1 st Review

Recommendation	Action taken/ to be taken (as per the MAP)	Status on 1st Review
<p>4.1 Field receipt management should be incorporated in Finacle CBS</p> <p>With the mandate to enhance rural prosperity and alleviate poverty, BDBL is the principle vehicle for financial inclusion in the country through Farmers Outreach Banking (FOB). The RAA found that field receipts was not customized in the system even though this requirement was identified before the implementation of Finacle CBS.</p> <p>Therefore, considering the risk of using field receipts, there should be proper control over field receipts and BDBL should automate the inventory management of field receipts in Finacle CBS.</p>	<ol style="list-style-type: none"> 1. Field receipts management fully incorporated in Finacle CBS. System screen shot Annexure 1(a) and 1(b). 2. The bank is looking into possibility of digitizing the process through a Point of Sales Terminal (POS) Device so that real time transactions as to replace the Field Receipts. In-house Application is being developed. <p>From mid June 2020 FOB online through the use of POS machine will be deployed in all branches and included as a part of Board compact.</p>	<p>Partially Implemented</p> <p>The BDBL reported that they have fully customized the field receipts in the system, while the process of digitizing through POS system to replace the field receipts is being explored.</p> <p>The timeline given for implementation of the recommendation is from 01 January 2020 to 31 August 2020.</p> <p>In view of the above, the recommendation is considered partially implemented.</p>
<p>4.2 BDBL should institute robust IT controls in Finacle CBS</p> <p>Robust IT controls provide reasonable assurance that Finacle CBS operates as intended thereby increasing the trust and</p>	<ol style="list-style-type: none"> 1. Finacle SOP 2018 and ICT Security Policy 2018 implemented beginning January, 2019. Annexure 2 (a). In line with the directive from RMA, the bank is planning for ISO 27001 and PCI-DSS Certifications by 2020 for enhanced internal 	<p>Implemented</p> <p>The BDBL in order to maintain integrity and reliability of the system has started enforcing Finacle SOP 2018 and ICT Security Policy 2018 since January 2019.</p>

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Recommendation	Action taken/ to be taken (as per the MAP)	Status on 1st Review
<p>confidence of the bank’s employees towards the system. This will ultimately result in retaining old customers and attracting new customers due to reliable system in place. Currently, the BDBL does not have adequate and robust IT controls in Finacle CBS. BDBL should institute and enforce robust IT controls in the system to maintain the integrity and reliability of the system at all times. Specifically, BDBL should:</p> <ul style="list-style-type: none"> ➤ endorse and implement IT policies to ensure that effective IT controls are in place; ➤ institute monitoring mechanism in order to avoid multiple user accounts for one employee, generic user accounts, follow proper naming convention and deactivate those users who are no longer with the bank; ➤ ensure access control mechanism to assign access rights and privileges based on ‘need to know’ and ‘least privilege’ principles in order to mitigate the risk of 	<p>control and security in managing IT resources. Approval is being sought from the Board for supplementary budget.</p> <p>ISO 27001 & PCI DSS certification under work in progress and expected to be completed by September 2020.</p> <p>2. Multiple Finacle login users created mistakenly during the user creation are all deleted. All generic user created for the migration the purpose of data migration from ABS to Finacle are already disabled. However, user like FINACLECRM is for required for connecting to database, FIBATUSER and FIVUSR is default system users for Finacle Integrator (FI) Module for communicating between FI and Finacle Core/ CRM which cannot be deactivated. Default system users such as FINACLECRM & FIBATUSER, FIVUSR have encrypted password and hence, users cannot use these users to log into front end Finacle Application. In line with Finacle SOP 2018, Quarterly review of the user access are carried out. Annexure 2 (b)</p>	<p>With the procedure and policy in force, the multiple users and generic user accounts were deleted and disabled, the User Access Management has been ensured, the validations in the system are mapped properly, UAT carried out in order to avoid erroneous and variations.</p> <p>It was also reported that the master data has been updated and the audit log and trail can be reviewed and easily traced out. Further, the Flaws in the system were rectified and problematic accounts cleaned up as well.</p> <p>In view of the above, the recommendation is considered implemented.</p>

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Recommendation	Action taken/ to be taken (as per the MAP)	Status on 1 st Review
<p>unauthorized access, data modification, disclosure, or loss;</p> <ul style="list-style-type: none"> ➤ implement strong input validation controls so that the system does not accept garbage, duplicates, invalid data, and process data incorrectly or illogically; ➤ implement adequate processing controls to prevent erroneous, incorrect calculations and variations; ➤ ensure accurate and complete reports are generated to prevent errors and inconsistencies as incorrect reports have financial implications on the bank; ➤ apply strong validation controls over master data since master data are important files used as references and input for processing transactions; ➤ establish review mechanism for audit logs and trial; ➤ identify and rectify the flaws in the system; and ➤ initiate data cleaning of Finacle CBS database to remove inaccurate and incomplete data. 	<p>3. Finacle SOP 2018 addresses the User Access Management and user are required to fill up the form and have it authorized by the supervisor for any changes or modification to their user roles. Reviewing the user access rights of the CBS users as per the Finacle SOP 2018. The document is prepared keeping in mind the changing policies and versioning is maintained.</p> <p>For new user access and modification user access forms collected from users - Annexure 2 (c)</p> <p>4. Validation where required has been put in place. Three type of system validation are there in place namely i. Error, ii. Warning and iii. Exceptions. Based on the business requirement the validation message will alert the users or will not let them proceed further. Validations in the system mapped properly - Annexure 2 (d)</p>	

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Recommendation	Action taken/ to be taken (as per the MAP)	Status on 1st Review
<p>Although every employee plays a role in strengthening the organization’s internal control system, the responsibility for establishing and maintaining the control environment rests with the management.</p>	<p>5. To avoid erroneous, incorrect calculation and variations, the patches provided are first deployed in the UAT and tested. Only after testing confirmation, the patches are deployed in the production. This is in line with Finacle SOP 2018. This will be ongoing process. Annexure-3 (b)</p> <p>6. Only authorized person has access to data base and back-up done with DR site and quarterly DR drill are being carried out. Master Copy are maintained with individual branch files. This is in line with Finacle SOP 2018. This will be on-going process. Annexure-4(b).</p> <p>7. Audit log and trail can be reviewed as and when required. The logs of any transaction or modification done can be easily traced out. This is in line with ICT Security Policy 2018.</p> <p>8. The system flaws are identified, analyzed and rectified immediately with proper testing. Till date, major issues are all resolved. Patches released till date are all deployed. Account level issue will be resolved as and when reported. In case of system bug, the calls are</p>	

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		logged with Infosys online reporting system (Techonline). 9. All problematic accounts were identified and accordingly cleaned up.	
4.3	BDBL should meet and comply strictly with all the compliance requirements The RAA noted several instances of non-compliances to RMA and BDBL’s regulations. In order to address these non-compliances the BDBL should ensure strict compliance by leveraging the Finacle CBS. In particular BDBL should: <ul style="list-style-type: none"> ➤ maintain the master copy of all (both past and current) the compliance requirements; ➤ institute proper procedures to set the parameters of all its products; and ➤ institute appropriate monitoring mechanism for setting scheme parameters in Finacle CBS. 	1. A master copy of all past and present data is maintained for compliance requirement. 2. The parameter for all products is first parameterized in the UAT environment and proper testing carried out. The business people are also involved in testing and UAT sign off is done before deploying the parameter to production environment. This is in line with Finacle SOP 2018 and is an ongoing process. 3. Parameter set in deviation to compliance requirement were checked and corrected. Wherever required, validation messages are set to alert the users.	Partially Implemented The RAA appreciates the initiatives taken to implement the Finacle Standing Operating Procedures. It was noted that the master copy has been maintained, instituted procedures for setting parameters for all the products and monitoring mechanism in place for the same in Finacle CBS. However, the system rectifications for interest rates not applied as per prescribed rates and non-compliance to maximum loan term period could not be verified in the absence of verification report. The interest rates not applied as per prescribed rates, only 75 out of 1,056 loan accounts were found corrected and the

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	<p>The impact of such non-compliances might be reputational risk, which might lead to losing clients and business, the BDBL should ensure strict compliance to regulations.</p>		<p>remaining 981 loan accounts provided under Appendix-I are yet to be verified.</p> <p>Similarly, the rectifications for variances in the loan term period given in Appendix-II should be furnished for RAA’s review and verification.</p> <p>Until such time, the recommendation shall be treated as partially implemented.</p>
4.4	<p>BDBL should establish problem management mechanisms</p> <p>Effective problem management has the potential to reduce incidents, proactively prevent problems through trend analysis and identification of root cause, and provide permanent solutions to problems so that repeat occurrences are all but eliminated.</p> <p>BDBL should maintain incident logs and perform analysis to find and resolve the underlying problems. IT helpdesk could</p>	<p>1. For tracking the issues raised and for faster turnaround time, ICT Department has implemented an online support system. Tickets will be assigned to respective support team and issues if not resolved will reflect as overdue in their name. Through this system, types of issue, frequency, etc. can be analyzed. Further, knowledge base section is being added for the users to seek help for quick solutions/ recurring problems and is being constantly updated. Review on the support system is also being periodically carried out to analyze on the issues reported.</p>	<p>Implemented</p> <p>It has been noted that, the ICT department has developed an online helpdesk portal to report, record and track incidences. The knowledge based section for the users is added for solutions and recurring problems and updated accordingly.</p> <p>The user trainings were given to the employees of the bank on the Finacle system for consistency and uniformity. The ICT department besides circulating</p>

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<p>identify frequently occurring user related incidents and resolve it either through trainings or dissemination of user guides. In addition, root cause analysis should be performed and permanent solution should be applied to the commonly occurring system related incidents. This should also lead to improved productivity of the IT helpdesk support through resolution of problems effectively and in a timely manner.</p>	<p>2. End User Refresher Course on CBS</p>	<p>operational process and manuals has started creating awareness and sensitization on the security aspects in Finacle.</p> <p>In view of the above initiatives, the recommendation is considered implemented.</p>

EXHIBIT-C

Review Report of IT Audit Report on Efficiency and Effectiveness in Public Service Delivery through G2C Platform

Audit Report	: IT Report on the Efficiency and Effectiveness in Public Service Delivery through G2C Platform (AIN:15650)	
Date of Issue	: 26 March 2019	
Name of Agency (s)	: Cabinet Secretariat, Ministry of Agriculture & Forest and Ministry of Foreign Affairs	
No. of Review	: 1 st Review	
Recommendation	Action Taken/ To be Taken (as per the MAP)	Status on 1st Review
<p>4.1 Adequate documentation on system development should be maintained</p> <p>a) It was noted that the information regarding system development were not adequately documented. Since related documents and personnel involved in the system development become the source of knowledge regarding the system in future, there is risk of losing the know-how on the system without proper documentation and no proper handing and taking done on transfer of officials. This may hinder the operations and future enhancements of the G2C online services. Thus, it is essential for the management of PSGRD to maintain proper documentation of the G2C online services and ensure regular updates in case of any changes made to the system.</p> <p>Moreover, the management of the respective service providing agencies should henceforth take ownership of the system and maintain proper documents including project documents, costing of the system, system requirement specifications,</p>	<p>Public Service Delivery Division (PSDD)</p> <p>Seeking one year compliance on system documentation for 4.1 A & C, Seeking future compliance for 4.1 B</p> <p>AMC documentation.</p> <p>Passport Division, Department of Protocol</p> <p>Seeking one year compliance on system documentation for 4.1 A and its ongoing.</p> <p>Passport division have completed and tested the data migration for 4.1 C.</p> <p>Department of Forest & Park Services, MoAF</p> <p>Seeking one year compliance on system documentation.</p>	<p>PSDD</p> <p>It has been reported that the actions are being initiated and is in the process.</p> <p>As such, the recommendation is considered partially implemented.</p> <p>Since the PSDD carry out reform activities towards streamlining public service delivery system, it is essential for PSDD to maintain proper documentation of the G2C online services and ensure regular updates of any changes in the systems.</p> <p>The time frame for implementation of the recommendation is from July 2019 to June 2020.</p> <p>Passport Division, DoP & DoFPS, MoAF</p> <p>In case of passport division, the data migration had been completed and tested, however there was no adequate documentation maintained. As such, the</p>

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<p>any other appropriate documents related to the system/project for future enhancement of the systems.</p> <p>b) For successful functioning of any online services, proper need assessment should be carried out and the services identified should be prioritized as per need. However, no adequate documents was found maintained for service prioritization studies. Henceforth, the PSGRD should maintain basic documents on need assessment and prioritization exercise carried out for the online services for transparency, to justify the prioritization of the services and for future references.</p> <p>c) When the agencies decide to install new system, the old records/data should be completely migrated to new system and need to validate the data before actually running the new system.</p> <p>In absence of proper documentation related to the data migration, the completeness and accuracy of the information available could not be validated. Hence, the management</p>		<p>recommendation is considered partially implemented.</p> <p>While the DoFPS has not implemented the recommendation.</p> <p>The time frame for implementation of the recommendation is from July 2019 to June 2020.</p>

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	of service providing agencies should take note of the data migration procedure and maintain adequate documentation of it.		
4.2	<p>Competency of the System Administrator and user needs to be enhanced to provide reliable online services</p> <p>a) To maintain the continuity of the online systems, there should be collaboration and knowledge sharing between the system developers and the officials engaged. The top management of the service providing agencies should ensure that out-going officials who were entrusted with the system responsibilities properly handover the documents to the in-coming officials and make them familiar with the online system for timely delivery of the public service.</p> <p>To entrust proper responsibility, the PSGRD in collaboration with the DITT should work on to establish an ICT focal group, which shall be responsible for any G2C system related activities starting from</p>	<p>PSDD</p> <p>A five member core team for G2C systems formed and ToR developed for 4.2 B.</p> <p>For 4.2 C, A position paper on overall CC situation submitted on 2 April 2019 following a collaborative study;</p> <p>A small group study led by PSGRD with CC operators conducted in Sept 2019;</p> <p>Task Force study with members from GNHC, RCSC, MoF, DLG and PSDD ongoing (since Oct 16)</p> <p>Study & presentation reports submitted to Hon’ble Prime Minister, RoD of task force report submission on 25 November 2019.</p>	<p>Implemented</p> <p>The PSDD and the service providing agencies reported that they have instituted a system of proper handing and taking over of the documents and knowledge sharing whenever there is change in system and people.</p> <p>A core group has been formed and ToR developed in order to address the system ownership issue and management.</p> <p>Furthermore, in order to address the frequent turnover of CC operators, the study was carried out by the task force members which was presented to the Hon’ble Prime Minister on 25 November 2019. It was also stated that the trainings were also given to</p>

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<p>prioritization of services including development, implementation and management. This will not only address the system ownership issue, but the officials can also be engaged fully in whole process ensuring smooth online service delivery.</p> <p>b) It was noted that there is frequent turnover of the CC operators over the period of five years (2012-2017) at the same time the new recruits were not given adequate training/awareness program on the online services. Therefore, it is imperative that the responsible agencies (DITT, DLG, BDBL & PSSGRD) provide necessary and adequate trainings to newly recruited CC Operators. Further, the stakeholders should come-up with appropriate solutions to enhance and retain the experienced CC operators.</p>	<p>The letter from the Ministry of Finance conveying the transfer of CCs from Bhutan Development Bank Ltd to National CSI Development Bank Ltd w.e.f July 2020.</p> <p>Passport Division, Department of Protocol</p> <p>Knowledge transfer has been carried out and collaboration with system developer carried out regularly whenever there are system changes required and it's ongoing for 4.2 A.</p> <p>DoFPS, MoAF</p> <p>Its ongoing activity. Where required, the agency ICT and focal persons avail knowledge transfer opportunities for 4.2 A.</p> <p>DITT</p> <p>Core group members identified from agencies for 4.2 B.</p>	<p>the CC operators for their capacity building and awareness.</p> <p>The BDBL in this regard also proposed service regularization for CC operators and financial supports from the government.</p> <p>Lately it was reported that Government has approved the transfer of CCs from Bhutan Development Bank Ltd. to National CSI Development Bank Ltd. w.e.f July 2020.</p> <p>In view of the above, the recommendation is considered implemented.</p>

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Recommendation		Action Taken/ To be Taken (as per the MAP)	Status on 1st Review
		<p>BDBL</p> <p>For 4.2 C, Ongoing in country training program for banking and financial capacity building and awareness.</p> <p>Service regularization of CCOs is the best solution to retain them. For this BDB submitted proposal for financial supports from the government which is awaiting.</p>	
4.3	<p>There should be robust System Security and adequate BCP</p> <p>a) The IT officials and the management of the service providing agency should come-up with appropriate access control mechanisms with respect to User Access Right and needs to provide security awareness to the system users. Further, the system access right should be given to the dealing officials concerned who were allotted with the job responsibilities rather</p>	<p>PSDD</p> <p>The Technology upgrade initiated as part of Data Hub Project undertaken by DITT for 4.3 C.</p> <p>Passport Division, Department of Protocol</p> <p>For 4.3 A, User management module enhancement ongoing. Security awareness being conducted by BTCIRT. Passport awareness provided to passport system users.</p>	<p>Implemented</p> <p>The recommendation is considered implemented since the service providing agencies have initiated in developing access control mechanisms and regular back up of database.</p> <p>Further, the PSDD has initiated the technology upgrade as a part of data hub project undertaken by the DITT.</p>

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<p>than giving multiple access right of the system.</p> <p>b) To upkeep the back-up data, timely test of the stored data should be carried out to maintain the continuity and reliability of the data during the unforeseen circumstances. Therefore, the service providing agencies should study the current data back-up system and need to conduct timely test of the back-up data and maintain proper documents.</p> <p>c) The current java application system (Jboss 6.x.) which is operating for the online service is found to be out-dated and end of public updates is exposed to high security risk to the system. Thus, the PSGRD should explore the possibility of upgrading the current application system and fixing the patches as needed.</p>	<p>For 4.3 B, Passport System Snap Shot carried out by DITT every week, Database and file backup carried out every working day.</p> <p>DoFPS, MoAF</p> <p>For 4.3 A, Department will develop responsibility and accountability mechanism and inform all implementers.</p> <p>The DoFPS issued two orders, order not to share the username and password and order on delegation of approving authority.</p> <p>For 4.3 B, Periodic test of backed up data will be started henceforth.</p> <p>Since the system will be migrated to new platform by DITT, periodic test backup data could not be done.</p>	

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4.4	<p>Passport Division should strengthen the current internal control mechanism to effectively process and issue the passport documents</p> <p>The following recommendations are provided to enhance the online passport issuance system:</p> <p>a) Since passport application details are verified and used from the census data, the passport division should consult with the DCRC to properly link the passport system with the census data to fetch the accurate data of the individuals for processing the passport to avoid waste of passport booklets. Further, the division needs to come-up with internal policy to clearly define the roles and responsibilities of the employees of passport division for transparency and accountability.</p> <p>b) Access right with a needed limited rights should to be provided to the front desk officials to cross-check whether the applicants had applied online to avoid duplication of applications when accepting</p>	<p>Passport Division, Department of Protocol</p> <p>a) DITT’s ongoing data hub initiative will enhance data sharing mechanism and drafting of roles and responsibilities is ongoing.</p> <p>b & c) It has been implemented since June 2018.</p> <p>d) Features added and officially assigned.</p> <p>e) Passport manual 2006 is under revision.</p> <p>f) Online inventory register created.</p>	<p>Partially Implemented</p> <p>The passport division has come up with the internal note on the roles and responsibilities of the employees and a feature is being added in the system for providing reasons for application rejection.</p> <p>However, the division is yet to consult with the DCRC in regard to fetching of accurate data of the individuals while processing the passports. There is no feature being added in the system in order to track diplomatic and official passports as per the ToR of the contract.</p> <p>While the revision of the passport manual 2006 is in the process, the inventory maintained in the excel format was not advised in the last RAA’s further comments instead suggested incorporating in the system itself.</p>

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<p>manual applications. Similarly, there should be systematic process in place to verify if the information provided by the passport collector is correct or not.</p> <p>c) The PSGRD in collaboration with the service providing agencies should study to include a feature in system which will provide reasons for application rejection and also alert the applicants.</p> <p>d) The passport system should have features to detect non return of official passports within the stipulated period to avoid the chances of misusing the documents for personal purpose. Further the officials concerned should update receipt of passport details in the system on time and the supervising officials should monitor their activities.</p> <p>e) The Passport Division should revise the current Passport Manual 2006 in order to incorporate the requirement of the existing regulations.</p> <p>f) The passport division in consultation with the IT officials should develop passport inventory system to track total number of passport booklets procured, issued and</p>		<p>In view of above, the recommendation is considered partially implemented.</p>

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	<p>balance for the proper stock management. Further, the Passport Division should institute a system of putting-up requisition for passport booklets for passport issuance which should be duly approved by the division chief to control wastage and misuse of passport booklets. In addition, the passport division should maintain proper and systematic passport booklet store room besides restricting access to un-authorized individuals.</p>		
4.5	<p>DoFPS in consultation with PSGRD should enhance the online issuance of rural timber permit system to be more systematic and inclusive of all the process involved to cater the service delivery within the standard turnaround time</p> <p>The following recommendations are provided to enhance the online issuance of rural timber permit:</p> <p>a) The DoFPS should review the turnaround time (TAT) taken under each Territorial Division/Park to understand the main cause</p>	<p>PSDD</p> <p>a) The system review and integration proposed under the Digital Drukyul Flagship Program.</p> <p>Project initiated. The learning of the rural timber permit is identified as a key service under integrated citizen services project.</p> <p>Integration will be achieved during migration to data hub and also reviewed under engineering activities.</p>	<p>Partially Implemented</p> <p>It has been reported that the TAT is being reviewed, while the feature for cross verification of application and rectification of royalty rate are implemented in the upgraded G2C system.</p> <p>The compliance to FNCRR 2017 is yet to be effected since the FNCA 1995 is subject to revision. The timeline provided is from April 2020 to April 2021.</p>

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<p>and accordingly take appropriate action to resolve the issues.</p> <p>b) In absence of adequate records at the Gewog Office, the eligibility of the rural timber permit cannot be cross-verified immediately by the Gup. This is leading to applications getting rejected after processing till the final verification stage which is done by the Forest Division Office after having spent time and resource. Therefore, the Gewog administration in consultation with the forest officials should properly verify the applications at the first point (at Gup level) without wasting time and resources of the citizens.</p> <p>c) The DoFPS should comply with the Forest and Nature Conservation Rules and Regulations 2017 (FNCRR) for maintaining the timing of application of the rural timber permit and collection of the royalty from the Community Centers as prescribed.</p> <p>d) The current online system captures only the application approval phase i.e. it can compute only 10 days out of 30 days of time allocated. Therefore, the DoFPS in</p>	<p>b) The feature is implemented in the current G2C systems.</p> <p>DoFPS, MoAF</p> <p>a) Will initiate the review.</p> <p>b) Migration of old hard copy data into G2C database was discussed and agreed during meeting with DITT and G2C consultant/vendor which will be incorporated into the upgraded G2C system currently being implemented by DITT. CFO has agreed to share data in excel or CSV format to G2C developer.</p> <p>c) This requires the amendment of the Rule 304 of the FNCRR 2017. This shall be done after the amendment of FNCA 1995, proposed during the 3rd session of the 3rd Parliament.</p> <p>d) The service is identified for re-engineering under Digital Drukyul Flagship Program.</p>	<p>Regarding the incorporation of whole process of rural timber permit and integration of online system with the FIRMS, the work is under process. The timeline provided is from September 2020 to June 2022.</p> <p>In view of the above, the recommendation is considered partially implemented.</p>

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	<p>consultation with the PSGRD should include the whole process of rural timber permit starting from application till the final marking. Further, the DoFPS needs to integrate the online system with the FIRMS for data sharing and to avoid duplication of data and effort.</p> <p>e) The DoFPS in consultation with PSGRD and system developer should make the royalty rate in system as per forest rules and regulation 2006 i.e. Nu.0.8 per Cft for log form instead of Nu.1. Further, the royalty amount should be collected based on the royalty amount calculated by system on the allotment order rather than collecting the royalty as per citizen's requests. The allotment of timber quantity mentioned in the system and allotment order should be made uniform either in terms of cft or standing numbers.</p>	<p>Integration and data sharing between FIRMA and G2C system is discussed and agreed to be implemented during the current up gradation of G2C system by DITT.</p> <p>e) Royalty rate and other corrections already implemented in the current G2C system.</p> <p>Department of Local Government (DLG)</p> <p>b) Will facilitate the cross verification with due diligence (will comply in the upcoming season).</p>	
4.6	The online payment system should be strengthened to make the system more user-friendly and reliable	<p>PSDD</p> <p>a) Enhancement requirements & ToR developed completed.</p>	<p>Partially Implemented</p> <p>The development of session control for online payment is taken care during the</p>

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<p>a) The online payment system should have the features which control the timing of payment. If the payments were not made within stipulated time frame, the system should automatically reject the applications as to address the timely payment issues.</p> <p>In absence of this system control, the applicants did not make the payments soon after receiving the SMS requiring the payment. The delay in payments by the applicants lead to system problem and increased work load to the concerned officials. Further, no proper integration between the different operating system aggravates the issue of resolving the online payment problem. There is no clear direction provided on how to resolve and whom to report the online payment issues.</p> <p>Therefore, it is imperative that the agencies such as RMA, DITT, PSGRD, service providing agencies, and financial institutions discuss and come-up with standard service level agreement defining the roles and responsibilities of each</p>	<p>Memorandum of Understanding developed and signed on July 12, 2019.</p> <p>b) Potential services with payment component included in the ToR for enhancement of the online system.</p> <p>Six services integrated for TCB and BCAA 30 services of Bhutan Civil Aviation Authority Two services of Tourism Council of Bhutan</p> <p>Online payment facility for the services of Bhutan Health and Medical Council (BHMC) and Drug Regulatory Authority are under progress.</p> <p>DITT</p> <p>a) Ongoing</p> <p>b) Will initiate</p>	<p>system enhancement which is in the process, as reported by the PSDD.</p> <p>The timeline given for implementation of the recommendation is from September 2019 to June 2020.</p> <p>The MoU was signed among RMA, DITT, service providing agencies and financial institutions with the objectives of delivering coordinated and effective service delivery to the public.</p> <p>It was also noted that the e-payment facilities for TCB and BCAA was also integrated and three more services for BMHC is ongoing.</p> <p>In view of the above initiatives, the recommendation is considered partially implemented.</p>

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<p>service providing agencies in resolving the payment issues. The SLA should also include the proper channel on how and where the applicants and system users should report during the time of online payment problem.</p> <p>b) The PSGRD in consultation with service providing agencies should institute e-payment facilities for other relevant services to have efficient online service delivery as lack of e-payment facility was found to be one of the reasons for people choosing to avail service manually.</p>			
4.7	<p>The Community Centre facilities needs to be enhanced</p> <p>Since Community Centers play a vital role in delivering the public service more effectively, the institutions linked namely DITT, BDBL, DLG and PSGRD should deliberate and decide on who is responsible for building and maintaining the infrastructures and other equipment of the CCs. The clarity in responsible agency will</p>	<p>DLG</p> <p>Ministry will put up to Cabinet for directives on the maintenance of CCs structure.</p> <p>DITT</p> <p>DITT is responsible for the connectivity to the CCs.</p>	<p>The recommendation is considered partially implemented in case of DLG and BDBL since the issue was put up to the cabinet for further directives on the maintenance of the CCs structures and financial support was sought from the government to operate CCs independently. Until such time, the BDB will be managing operation of the CCs for minor repair and maintenance of the structures.</p>

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<p>improve the efficiency and effectiveness of the CCs by equipping the CCs adequately. Further, the network connectivity to the CCs need to be studied and improved to cater faster service delivery to the citizens.</p>	<p>Maintenance budgets are decentralized and provisioned under the respective dzongkhag administrations.</p> <p>BDBL</p> <p>Minor (Nu.<5000) repair and maintenance of building is ongoing.</p> <p>Repair and maintenance of equipment of equipment is also ongoing.</p> <p>For purchase of new equipment subject to approval of the financial support proposal submitted to the government by the BDB.</p>	<p>The timeline given for implementation of the recommendation is from July 2019 to June 2020.</p> <p>In case of DITT, the study on network connectivity for faster service delivery has not been carried out as recommended in the audit report.</p> <p>As such, the recommendation is considered not implemented.</p>
<p>4.8 There should be proper reporting and monitoring mechanism to handle the system related issues without hampering the public service delivery</p> <p>The PSGRD and service providing agencies should develop periodic monitoring system with uniform reporting format as to check the</p>	<p>PSDD</p> <p>JTrac facility is maximally utilized for raising, reporting and resolving of issues as well as monitoring of the system issues.</p> <p>Passport Division, Department of Protocol</p>	<p>Implemented</p> <p>Since the JTrac facility is not only been fully used for reporting and redressing system related issues, it is also used for monitoring of the systems as well.</p>

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	<p>system functionality and the issues related to providing services.</p> <p>The PSGRD’s ICT officials in collaboration with the ICT officials of service providing agencies should also develop a platform where the system owner and the users can share the issues and resolve issues related to bugs in the online system. Although, there is already Jtrac application developed to enable the service providing agencies to send their system issues directed either to the PSGRD or vendor but it was found to be underutilised and not effective.</p> <p>Therefore, there should be simple and easy reporting and monitoring tool to handle the system related issues besides simplifying the current Jtrac application system for effective usage.</p>	<p>JTrac system used for reporting issues with system.</p> <p>DoFPS, MoAF</p> <p>Jtrac is used as reporting mechanism to address system and service related issues.</p>	<p>Thus, the recommendation is considered implemented.</p>
4.9	<p>DoFPS should exercise stringent timber extraction controls during the growing season</p> <p>The timber permit application was made seasonal as to control the extraction of the</p>	<p>PSDD</p> <p>Caution messages incorporated in the permit template.</p>	<p>Implemented</p> <p>It has been reported that the application of rural timber permit is being made open throughout the year with a cautionary note,</p>

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<p>timber during tree growing season. Since the system control is not meeting the intended objective as the timber extraction is done irrespective of the season as long as the applicant holds a valid permit. Therefore, the RAA opines that the application of rural timber permit could be made open throughout the year while put in place a strong control mechanism on the timber extraction during tree growing season. In addition, the DoFPS and PSGRD could explore the possibility of adding a feature in the system to print the caution on the permit indicating restrictions of timber extraction during growing season besides creating awareness to the forest officials and the general public for compliance.</p>	<p>DoFPS, MoAF</p> <p>Caution feature already implemented.</p> <p>Ongoing (will comply for the upcoming season).</p>	<p><i>The growing seasons for trees starts from April to July- Felling and extraction of trees is strictly prohibited.</i></p> <p>However, the creating awareness to the forest officials and general public for compliance is equally important.</p> <p>In view of the above, the recommendation is considered implemented.</p>

EXHIBIT-D

Review Report of Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)

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Recommendation		Action Taken/ To be Taken (as per the MAP)	Status on 1st Review
5.1	<p>The Government should provide clear policy directions for SDGs</p> <p>The 2030 Agenda explicitly recognizes the importance of National ownership of development strategies. The SDGs are global targets that should be adapted through national processes to national circumstances. Each country must define national targets based on national priorities. Adaptation to the national context is vital to ensure ownership of the SDGs. The 70th UN Resolution outlines the requirements from each member to take ownerships and implement the 2030 agenda.</p> <p>Therefore, the Government should develop and provide clear policy directions in order to give a legal backstopping for the successful implementation of SDGs. Following the development of policy framework, in order to ensure the integration into the national context, the Government should initiate the following:</p>	<ul style="list-style-type: none"> • The country’s guiding philosophy for its long-term development journey is maximization of GNH. Towards this, the SDGs find a natural and spontaneous place within the framework of GNH. They share a common vision of prosperity, where all people and the planet live in peace and harmony; where well-being is a primary measure of progress; and where no one is left behind. Thus, GNH is both an ideal to be pursued and a practical policy tool to provide clear direction for implementing SDGs. • Mainstreaming of international development goals, including the MDGS and SDGs, in national plans and programs are part of the government’s effort to achieve globally agreed international development goals. The 11th and 12th FYP have mainstreamed SDGs. Guidelines for the Preparation of the 12th FYP (Page 6) has committed to integrate SDGs in Plan. Bhutan’s first Voluntary National Review Report on implementation of SDGs presented to UN HLPF New York July 2018 highlights Bhutan’s commitment to implementation of SDGs. <p>i. The 12th FYP is a medium term action plan to strategically guide the implementation of SDGs</p>	<p>Implemented</p> <p>The GNHC reported that FYP guided by the principles of GNH itself is a national action plan to strategically guide the implementation of SDGs.</p> <p>Institutional arrangement through strengthening sector PPDs was initiated through formation of national level SDG task force and identified SDG focal in relevant agencies from PPDs.</p> <p>Regarding the development of strategy for stakeholders’ engagement, the stakeholders have been identified during a workshop on intergraded dashboard for engagement into programs related to each goal and indicators.</p> <p>In terms of prioritization of SDGs, in-depth analysis for five goals (goal, 5,6,11,12 and 15) has been carried out and the</p>

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<ul style="list-style-type: none"> i. Develop an Action Plan as a road-map/way-forward to strategically guide the implementation of SDGs by identifying responsible agencies to implement each goal; ii. Establish proper institutional arrangements or mechanism. Specifically, a dedicated division or unit staffed with competent officials needs to be established in order to spearhead and handle all the SDGs related initiatives; iii. Develop Strategy for stakeholders' engagement to coordinate, consolidate and report on the whole of SDGs. Also, with such strategy, clear lines of roles and responsibilities in the implementation of SDGs can be established for all the stakeholders; and iv. Prioritize the SDGs with an in-depth study, considering the ground 	<p>till 2023. Thereafter, 13th and 14th FYPs will also take care of the SDGs for the remaining period till 2030. On the responsibility of each goal, as a part of the recent workshop on integrated dashboard for monitoring SDG, FYP and GNH, custodian and partner agencies have been formally identified for each goal except for Goal 14, which is not relevant to Bhutan.</p> <ul style="list-style-type: none"> ii. Institutional arrangement through strengthening sector PPDs was initiated through formation of national level SDG task force. While there are time bound committees being formed, as and when required, for example the one formed for VNR 2018 report, the current dashboard exercise has formally identified SDG focal in relevant agencies from PPDs/Planning Unit. Further, now GNCHS will be parenting all Planning Divisions/units in ministries and agencies, PDD in ministries/Planning Unit of the agencies will be the focal for SDGs at the agencies level. iii. The dashboard workshop from Oct 14-18 2019, have identified stakeholders in terms of engagement into programmes and data related for each goal and indicators. However, in terms of actual programmes, largely the programmes under the 12th FYP are aligned to 	<p>implementation of the SDGs will be as per existing mechanism.</p> <p>In view of the justification and initiatives taken, the recommendation is considered implemented.</p>

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realities of the country and in consultation with the various stakeholders.	<p>achieve certain level of SDGs by 2023. Thus, coming up with separate stakeholder engagement strategy will be a duplication of effort and would entail additional financial resources.</p> <p>iv. In terms of implementation, 11th FYP has identified 3 goals and toward the end of the 11th FYP, the VNR has closely looked into the 5 goals (Goal 5,6,11,12 and 15) with in-depth analysis. (The VNR 2018 Report is available at www.gnhc.gov.bt for ready reference) However, respective agencies has been fully engaged in terms of implementation and reporting. For example, SDG 4-Quality of Education for which MoE is the custodian agency, have prioritized quality of education as one NKRA in the 12th FYP. Additionally, there is a flagship program on education to enhance the quality of education and number of initiatives were thought of and taken on board to promote quality of education. For example, STEM curricula and coming up of various private colleges like Technology College to promote STEM education. Government’s decision to provide scholarship to TVET education after secondary education were all geared towards quality education.</p>	

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		In addition, the second session of the third Parliament and 2nd GNH Commission meeting dated June 28, 2019 chaired by HPM, directed implementation of the SDGs as per existing mechanism as they found it adequate in the context of Bhutan.	
5.2	<p>The GNHC should integrate the SDGs into Five Year Plans, policies and strategies</p> <p>The 12th FYP is still in the formulation process and yet to be finalised. Therefore, the GNHC should carry out an extensive mapping exercise of the SDGs against the 12th FYP before the 12th FYP is formally finalised at all levels – national key results area (NKRA), Agency Key Result Area (AKRA) and local Government key result area (LGKRA). Accordingly, the GNHC should integrate the SDGs targets into the national context (at all levels), after the identification of the gaps and priorities from the mapping exercise. The GNHC should</p>	<ul style="list-style-type: none"> • Relevant SDG targets and indicators to be implemented during the 12th Plan period incorporated into the plan and presented during the 14th RTM to all development partners • While the expression of indicators may be different, SDG indicators were well incorporated at National Key Results Area, Agency Key Results Area and Local Government Key Results Area (the outcome document is the 12th FYP volume I, II and III circulated to all government agencies and available online at www.gnhc.gov.bt for reference). • A preliminary assessment of the 12th FYP NKRA and Key Performance Indicators (KPIs) with the SDGs reveals high degree of alignment. The VNR 2018 exercise towards the end of 2017 and early 2018 mapped ‘adoption of indicators’ and ‘data availability’ against 	<p>Implemented</p> <p>It has been noted that the SDG targets and indicators were incorporated in the 12th FYP besides incorporating at NKRA, AKRA and LGKRA and outcome document is being circulated to all government agencies.</p> <p>It was also reported that out of 232 SDG indicators, 64 are fully adopted, 32 partially adopted and 104 indicators although relevant but not adopted while 44 are not relevant.</p> <p>In view of the initiatives taken, the recommendation is considered implemented.</p>

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<p>also evaluate how the Ministries, Agencies and the Local Governments defined targets, baseline data and indicators. As all SDGs cannot be implemented in the 12th Five Year Plan, the same should be prioritised and strategized for inclusion in successive plans. Activities that can be implemented by non-governmental and other organisations may be identified and entrusted to them for their timely implementation.</p>	<p>indicators of then draft 12th FYP indicators at all levels of NKRA, AKRA and LGKRA. The 17 NKRA are closely aligned to the SDGs and its targets and indicators are integrated into the 12th FYP. Out of 232 SDG indicators, 64 indicators are fully adopted, 32 partially adopted, 104 indicators are relevant but not adopted and 44 indicators are not relevant. In terms of data availability for SDGs, data is available for 84 indicators, partially available for 66 indicators, and there is no data for the rest 94 indicators.</p> <ul style="list-style-type: none"> • Efforts are underway between the GNHCS and the National Statistics Bureau (NSB) to incorporate relevant SDG indicators into the National Statistical System. A data ecosystem review carried out in 2016 and 2017 and advance data planning and tools (ADAPT) 2018 established immediate needs of Bhutan’s statistical system to meet the data expectations of the SDGs. • These efforts were further validated during the recent dashboard workshop and the re-validation outcome will be finalised by end of December 2019. The outcome document is expected to find institutional and data gaps and will indicate clear plan of action to be 	

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		implemented to enhance overall implementation and monitoring SDGs.	
5.3	<p>The Government should carry out an assessment of resources required</p> <p>Integration of SDGs plans into the national context, on its own, without adequate resources will not ensure successful implementation of SDGs. The means to implementation of SDGs – both financial and human resources – are equally critical.</p> <p>Therefore, the Government should carry out an assessment of resources required in order to determine the actual requirements of finance as well as human resources for SDG implementation. In addition, the Government should create platform where mobilization of the required financial resources and capacity building can be discussed with the development partners.</p>	<ul style="list-style-type: none"> • Even at global level, UN has not been able to assess exact resource requirement for implementation of SDGs by 2030. However according to the estimates in the final report by the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF), achieving the SDGs in all countries will require additional global investments in the range of US\$5 trillion to US\$7 trillion per year up to 2030. • There are some countries who have carried out costing of the SDGs and there are two things. Firstly, there is huge cost both technical and human resources to do the costing and secondly the costing does not automatically ensure funding to implement the SDGs. • For example, Bangladesh in June 2017 published the SDGs Financial Strategy, which estimates that to achieve the SDGs, it will need US\$ 928.48 billion for the period 2017-2030. The annual cost of achieving the SDGs will be US\$ 66.32 billion. Thus it is obvious that finance and resource mobilization are the key components in the coming years for achieving the SDG targets. Experts estimate that to 	<p>Implemented</p> <p>While it has been noted that the resource mobilization is of concern for implementation of SDG by 2030 even at the global level, Bhutan being resource constraint country, the costing of SDGs implementation is not recommended at this point of time.</p> <p>However, GNHCS reported that the costing for important SDGs can be done taking into consideration the limited resources for critical sectors provided that they have technical and human resources.</p> <p>While Nu.310 million has been projected for 12th FYP for implementation of SDGs till 2023.</p> <p>In view of the resource constraints and resource fund allocation in place for FYPs,</p>

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		<p>achieve the SDGs in Bangladesh, domestic resource mobilization needs to be raised at least 18 percent from the present 12.1 percent over the next 5 to 10 years, but the projection of domestic resource mobilization is far from that (14.2-16.2% of GDP) in the 7th FYP. So, resource mobilization in this regard is still a big concern.</p> <ul style="list-style-type: none"> • Therefore, Bhutan as a resource constraint country, costing of SDGs implementation is not recommended at this juncture. • However, if there are resources both technical and human, GNHCS will do costing for important SDGs that are critical to Bhutan so that we can direct limited resource to critical sectors, which matters most to the people and enhancing their wellbeing and to leave no one behind. • Having mentioned that, in case of Bhutan, 12th Plan resource requirement of Nu. 310 billion would be the resource required including grants, to implement SDGs till 2023 (end of the 12th FYP). Likewise, subsequent plan investments will be our cost of SDGs implementation for that particular FYP and period. 	the recommendation is considered implemented.

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5.4	<p>The GNHC should institute a mechanism to Monitor, Follow-up and Review the progress of SDGs</p> <p>The Government should institute a robust mechanism to monitor, follow-up and review the progress of SDGs. Specifically, the Government should institute the following:</p> <ol style="list-style-type: none"> a) A review and monitoring tools and system like that of FYPs (APA & GPMS) for SDGs implementation; and b) Identify specific agency to monitor the implementation of SDGs in order to ensure that the progress are on track and achieved on time. 	<ul style="list-style-type: none"> • The Government considers monitoring and evaluation as necessary development management measures for effective implementation of national development plan and programs. Towards this, the national M&E system framework lays out the institutional set up and procedures required for effective monitoring and evaluation of development plans and programs. It also provides an integrated framework within which the management information systems of Planning (PLaMS), Budgeting (MYRB), Expenditure Management (ePEMS) and Performance Management (GPMS) are deployed to function seamlessly as a unified system, automating workflow processes and producing reports for decision-making. • As per the M&E system, NKRA's are reviewed in the middle of a FYP period and at the end of the FYP, while AKRA's, LGKRA's and program outputs are monitored annually through the GPMS. The monitoring and evaluation of SDGs shall be conducted in a manner that is harmonized with the monitoring and evaluation of the national plan to avoid duplication of efforts. The SDG indicators and targets are integrated into the national, agency and local 	<p>Implemented</p> <p>Since the SDGs will be implemented through FYPs, the monitoring and evaluation of NKRA, AKRA and LGKRA KPIs will be carried out following the Royal Government's Monitoring and Evaluation (M&E) system.</p> <p>Further, the GNHC being the nodal agency for SDG implementation is mandated to monitor, follow-up and review progress of the SDGs in the country.</p> <p>Besides, SDG Dashboard has been initiated, which will also take care of monitoring and evaluation system.</p> <p>In addition, the process of Voluntary National Review (VNR) is also one of the platforms for monitoring SDGs implementation.</p>

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		<p>government key result areas and their KPIs. Since the SDGs will be implemented through the respective five year plans, monitoring and evaluation of NKRA, AKRA and LGKRA KPIs will be carried out following the Royal Government's Monitoring and Evaluation (M & E) system. Thus, GNHCS ensures that the national M&E system meets the monitoring and reporting requirements of the SDGs.</p> <ul style="list-style-type: none"> • The VNR 2018 also used the existing M&E systems and report to conduct the status of the SDGs implementation in Bhutan. Further, GNHC, chaired by HPM, is mandated to monitor, follow-up and review progress SDGs as the nodal agency for SDG implementation in the country. • GNHCS is cautious of the duplication of effort and resources for monitoring similar development framework in the face of huge resource constraints. • GNHCS also conducted workshop on the role of Parliamentarian in monitoring SDGs to oversee implementation of SDG in the country. • Second session of the third Parliament and 2nd GNH Commission meeting dated June 28, 2019 chaired by HPM directed to carry out as per existing M&E mechanism. However, with 	In view of the monitoring tools and system in place and nodal agency identified, the recommendation is considered implemented.

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		<p>support from UNCT and in keeping with outcome-I on data under UNSDPF, development of SDG Dashboard was initiated which will establish mechanisms to monitor, follow up and review progress of SDGs. The National workshop to work on input for the dashboard was successfully completed from Oct 14-18 2019.</p> <ul style="list-style-type: none"> • In addition, the process of VNR is also a platform for monitoring SDGs implementation. Bhutan’s VNR in 2018 was first of its kind which holistically assessed and provided the first baseline of SDG implementation. Further, during the 74 UNGA in September 2019 at the UNHQ in New York, HPM announced that Bhutan will conduct its second VNR in 2020. While the chance for 2020 VNR looks dim as the registration process is closed, we are expected to get opportunity in 2021, where another comprehensive assessment will be carried out. 	
5.5	<p>A support mechanism should be instituted for ownership of SDGs related data</p> <p>Given the responsibilities and activities initiated so far in relation to SDGs data, the</p>	<ul style="list-style-type: none"> • NSB in collaboration with GNHCS and sectors are working to incorporate relevant SDG indicators into the National Statistical System. A data ecosystem review carried out in 2016 and 2017 and an advance data planning and tools (ADAPT) 2018 established immediate 	<p>Implemented</p> <p>Since it is the mandate of NSB over data sources, the NSB in collaboration with GNHCS and relevant agencies are working</p>

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<p>NSB should formally take ownership of the data related to SDGs as the central authority. In order to support the same, the Government should provide directives empowering the NSB to gather, generate, and produce data centrally for SDGs.</p>	<p>needs of Bhutan’s statistical system to meet the data expectations of the SDGs. Such initiative is designed to build ownership of SDG data among sectors.</p> <ul style="list-style-type: none"> • SDG and NKRA data were uploaded into Bhutan Adapt System by GNHC & NSB. • The institutional mechanism for DEWA – ‘Dashboard to Enhance Wellbeing of All’ which was formally established during the National SDG workshop has identified custodian agencies and partner agencies for each goal (except for goal 14) will ensure ownership of implementation and reporting. This will be further deepened with regular engagement of sectors and agencies through program activities and capacity building. • With regard to government directive to NSB, it is the only mandate of NSB and was given full autonomy over the mandate related to data. NSB is trying to address the data gaps through data mapping initiative like data ecosystem and development of online data portal like ADAPT. Further, NSB is the key stakeholder in the development of DEWA and GNHCS and NSB, from the recent workshop identified clear data gaps for SDGs in particular and have developed 	<p>to incorporate the SDG indicators into the National Statistical System. It has also been noted that an Advance Data Planning and Tools (ADAPT) 2018 was established.</p> <p>With the institution of DEWA- Dashboard to Enhance Wellbeing of All, the custodian agencies were identified who will also ensure ownership of implementation and reporting.</p> <p>The workshop on intergraded dashboard identified clear gaps for SDGs and has developed future action plan to improve data generation for SDGs.</p> <p>In view of such initiatives designed to build ownership of SDGs within NSB and custodian agencies, the recommendation is considered implemented.</p>

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		an future action of plan to improve data generation for SDGs and overall development planning in the country.	

EXHIBIT-E

Review Report of Performance Audit Report on Revenue Collection and Management in Thromdes

Audit Report : Performance Audit Report on Revenue Collection & Management in Thromdes (AIN: 15086) Date of Issue : 25 May 2018 Name of Agency (s) : Thromdes- Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar No. of Review : 2 nd Review			
	Status on 1 st Review	Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
4.1	<p>Thromdes should maintain comprehensive registry of sources of revenue</p> <p>It has been noted that the central inventory for Thimphu thromde has been updated and database on building and water meters are developed in the Revenue Management System.</p> <p>S/Jongkhar Thromde is in the process of developing the system under the BUDP-II project and scheduled to complete by July 2019.</p> <p>Therefore, the recommendation is considered fully Implemented for Thimphu thromde and Partially Implemented for S/Jongkhar Thromde.</p> <p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>S/Jongkhar Thromde</p> <p>The I-Technologies have finished their project and has handed over the functional system which is currently being implemented by the Administration for collecting revenue from public namely Assets & Revenue Management system. It is an online system and the collection of Revenue was made through it since August 2019.</p> <p>P/ling Thromde</p> <p>All the existing buildings and land available within thromde area, both private and government registered already updated in RMS in December 2018 and all revenues are collected through RMS; New revenue heads are created based on any fee collections as endorsed by Thimphu Tshogde; constantly working with National Land Commission for a consistent land registry whenever new and updates are required.</p> <p>Gelephu Thromde</p>	<p>Implemented</p> <p>The Thromdes reported that with the development of Assets & Revenue Management System, the land and buildings owned by the private and government are updated in the new system and revenues are collected accordingly.</p> <p>Meanwhile the Thromdes are working closing with NLCS with regard to the land registry whenever there is new and updates in the registration.</p> <p>In view of the above initiatives, the recommendation is considered implemented for all the three Thromdes.</p>

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		Ministry of Works & Human Settlements under the project (BUDP-II). Thromde administration has up to date information on revenue registry, completed updating thram and building for taxation.	
4.2	<p>Thromdes should formulate strategies towards financial sustainability</p> <p>Partially Implemented</p> <p>Thimphu Thromde has phased out the recurrent subsidy and gearing towards long term financial sustainability. However, Thimphu Thormde is yet to formulate strategies for financial sustainability.</p> <p>S/Jongkhar Thromde has not indicated any plan to phase out recurrent subsidy and formulate strategies for financial sustainability.</p> <p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>Thimphu Thromde</p> <p>With the start of the 12th FYP, the Thimphu Thromde has phase out the re-current subsidy as Thimphu Thromde is sustainable through revising amenities fees.</p> <p>S/Jongkhar Thromde</p> <p>The Digitised Asset register and the Revenue Management system has been developed and is operational under the system "Assets & Revenue Management System". With the onset of the new financial year 2020 -2021, Thromde has proposed to increase the water tariff so as to be in par with all the expenses involved in supplying the water to the public. Implemented parking fee collection in some areas while it is being initiated for other</p>	<p>Partially Implemented</p> <p>While the Thromdes are working towards enhancing the revenues for its financial sustainability, the financial viability and sustainability is not ensured without a proper strategic direction.</p> <p>As such, the Thromdes should formulate strategies towards financial sustainability and prepare long term financial plans in order to attain financial viability and reduce dependence on the annual grants.</p> <p>Therefore, the status of the recommendation shall remain partially implemented until the Thromdes come up with the financial sustainability plans or long term road maps or revenue targets to achieve the</p>

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	<p>areas. Requested NLCS for revision of land lease rents.</p> <p>P/ling Thromde</p> <p>Comprehensive tax revision proposal submitted to cabinet through MoF by Thromde in 2017. Currently under discussion with Department of Industry on the operation and management of mini dry port by Thromde which has an annual projected revenue generation of 34 million.</p> <p>Date of implementing tax revision cannot be specified as authority to approve the proposal is with cabinet. Operation and management of mini dry port will be implemented by December end 2019.</p> <p>Gelephu Thromde</p> <p>i. Developed revenue administration manual ii. Digitized registry of taxpayers, properties, and asset register.</p>	<p>government policy of Thromdes financial sustenance.</p>

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	<p>iii. Developed revenue management system, accounting & financial manual</p> <p>iv. Developed internal control guidelines</p>	
<p>4.3 Ministry of Finance (MoF) in coordination with Thromdes should prepare grant phase out plan</p> <p>Not Implemented</p> <p>The Ministry of Finance and Thromdes has not conducted coordination meeting on phasing out grant.</p>	<p>Thimphu Thromde</p> <p>The activities wise for the one financial year is proposed based on the budget ceiling provided by the DNB, MoF during the Budget Call Notification.</p> <p>S/Jongkhar Thromde</p> <p>As stated earlier unless the Tax is revised and increased, Thromde cannot sustain without the grant available from the government. NA resolution for tax revision is not yet received from Government for which we have requested MoF to share us with revised taxes tariff for implementation.</p> <p>P/ling Thromde</p> <p>From 2018-19, the current expenditure is met from Thromde revenue. Preparing grant phase out plan requires vigorous study and assessment, it is</p>	<p>Not Implemented</p> <p>The status of the recommendation shall remain the same since the coordination meeting between the Ministry of Finance and Thromdes with regard to annual grants and the phase out plans is not yet conducted.</p> <p>The RAA reiterates that the MoF and Thromdes should work closely to assess the financial positions of the Thromdes and formulate grant phase out plans with the timelines.</p>

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	<p>beyond the capacity of the Thromde human resource. However, Thromde is persistently working on minimizing expenditures and building revenue base.</p> <p>Gelephu Thromde</p> <p>Thromde has maximized revenue growth by maximizing the amenities like drinking water services, sewerage services, waste management services and lease out the land for various services.</p>	
<p>4.4 Thromdes should develop revenue management strategy</p> <p>Partially Implemented</p> <p>The time line for development of revenue management strategy by Thimphu Thromde is June 2020 and July 2019 for S/Jongkhar Thromde respectively.</p>	<p>Thimphu Thromde</p> <p>To enhance revenues, the Thromdes planned of outsourcing and initiatives of PPP Projects.</p> <p>a). The parking fees collection in places like Olakha, Changzamtok and Mothithang will be initiated from July, 2020.</p> <p>b). Construction of Vegetable Sheds at Hejo and Changbangdu completed and initiated.</p> <p>c). Replacing of high energy consuming streetlight bulbs at RTC Road, Babesa Area (Below Expressway) is ongoing.</p>	<p>Partially Implemented</p> <p>While RAA appreciates the Thromdes for the initiatives taken to enhance the revenue generations, the Thromdes are yet to come up with the overall revenue management strategies with the revenue targets.</p> <p>Since the Thromdes are spending more than their revenues and dependent on grants, the Thromdes should develop a holistic revenue management strategy to meet the targets</p>

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<p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>d). Provision of Streetlight at Kuenselphodrang Road and Old High way will commence soon. (FY 2019-2020)</p> <p>e). GIS-based Asset Management System Phase I: Dechencholing: Streetlight, Road and Bridges, Footpath, Sewer line, Manhole started.</p> <p>S/Jongkhar Thromde</p> <p>Thromde has initiated the collection of revenue over the system namely Assets & Revenue Management System. The system clearly makes available the data required for planning and knowing where the anticipated revenues to be collected for the period is lacking and hence notifies us for forward action. The digitised assets register also keeps us informed with the assets that thromde owns and in turn lets us know of its value and the maintenance required thereof, thereby letting us sufficient cushion for strategizing our forward plans on how to bring out the optimum utility of the said assets. Application of revised land tax within the range limit is being worked out for immediate</p>	<p>taking into considerations the existing taxes, fees, charges, new charges etc.</p> <p>As such, the status of the recommendation shall remain the same until the Thromdes come up with the holistic revenue management strategy.</p>

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	<p>application. Revenue enhancement strategies being initiated are Increase of water tariff as approved by Tshogde, Except UC2 at Deothang, all other areas are granted rural tax rate by Government. It is now proposed to collect Urban tax along the highway corridor where all services are provided. Building and land tax of those under negative thram holder to be levied on endorsement by next Tshogde. Requested LG Head office to insert user right in LG Act for use and sale of natural resources by Thromde that are within Thromde jurisdiction and collection and use of entertainment fees by Thromde, making infrastructure ready for imposing parking fees etc. Some are ready but could not implement due to Covid out braek. Requested NLCS to approve for lease of trap land to main user which otherwise is being used free of cost.</p> <p>P/ling Thromde</p> <p>The operation and management of parking both open and multi-level car parking and vegetable market outsourced with effect from June 2019 for</p>	

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	<p>two years. Recently released state land on lease with operation of workshops behind new truck parking and some factories in Pekarshing and Pasakha. As per decision of 6th Thromde Tshogde, Nu.1,000 lump sum fees for Lien noting and Nu.500 for occupancy certificates charged introduced and already in implementation. Also, as per decision of 8th Thromde Tshogde (11/03/2019), water charges for commercial use increased to Nu.8/CUM from Nu.2.75/CUM and introduced charges for construction purpose at Nu.6/CUM to be implemented with effect from July 2019. To have full time financial analyst to study the revenue, financial systems and Thromde financial sustainability, FA is approved and we are in the process of finding one.</p> <p>Gelephu Thromde</p> <ul style="list-style-type: none"> i. Developed revenue administration manual ii. Digitized registry of taxpayers, properties, and asset register. iii. Instituted assessment of thromde service costing and recommendation to improve thromde service costing 	

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<p>4.5 Thromdes should strengthen internal controls</p> <p>During bilateral meeting held on 03/05/2019 between RAA and Thimphu Thromde, it was informed that the revenue section has been strengthened with three additional man power, improvement in the system for issuing water meters and yearly issuance of occupancy certificate system which has greatly contributed to revenue generation. This has been considered fully Implemented.</p> <p>In case of Samdrup Jongkhar Thromde, it is considered Not Implemented as Thromde has not initiated to develop internal control frame work.</p> <p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>S/Jongkhar Thromde</p> <p>Internal Auditor appointed for Samdrup Jongkhar Thromde as of 1st January 2020. The revenues are generated through the system by the individual departments, for e.g, land tax are generated by Land Record division, similarly the building tax is generated by the DRD division and the water section under the IDD division generated all the fees and taxes related to water. The demand then generated is brought to the Accounts/revenue for the payment. Here the internal control is maintained since the demand is generated by other party and the payment receipt is given only on receiving the money along with the demand and the demand generated and the payment receipt are both maintained in the online system and the tally is made every day in the system. The revenue collected is deposited into the bank the following day by 11 a.m.</p> <p>P/ling Thromde</p>	<p>Implemented</p> <p>The recommendation is considered implemented for all the three Thromdes since the Thromdes have streamlined the systems, developed internal control guidelines and appointment of internal auditors are in the process.</p>

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	<p>Requested for internal auditor and finance officer to MoF. Accordingly IA is approved and the Thromde announced but could not get it. Throdme is strictly following the required norms of existing FRR.</p> <p>Gelephu Thromde</p> <p>Developed internal control guidelines</p> <p>Appointment of internal auditor as per the staffing plan- follow up requisition for asst. internal auditor already submitted to MoF and RCSC for January 2020. The requisitions for IA were submitted in 2017 & 2018 repeatedly but did not receive.</p>	
<p>4.6 MoF and Thromdes should review and improve financial reporting framework</p> <p>Partially Implemented</p> <p>Thimphu and S/Jongkhar Thromdes are in the process of migrating from cash based to accrual based accounting as their financial reporting framework.</p>	<p>Thimphu Thromde</p> <ol style="list-style-type: none"> 1. The collection of taxes and fees are done through the system (RMS). 2. Updating Building inventory through GIS. 3. Reporting of Financial reports through RMS any time. 	<p>Partially Implemented</p> <p>While RAA appreciates the thromdes for their initiatives, the thromdes in consultation with MoF should review the financial reporting and may consider adopting accrual accounting system besides implementing the key controls and</p>

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<p>Thimphu Thromde has provided the dateline of June 2020 to complete the exercise.</p> <p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>4. Every month financial report is submitted to Thrompon, ES, CAO and every Three months to Thromde Tshogde.</p> <p>S/Jongkhar Thromde</p> <p>The I-Technologies have finished their project and has handed over the functional system which is currently being implemented by the Administration for collecting revenue from public namely Assets & Revenue Management system. It is an online system and the collection of Revenue was made through it since August 2019.</p> <p>P/ling Thromde</p> <p>Streaming the existing system by trying to integrate uniform financial reporting system, expenditure reports, capital subsidy accounts and revenue reports are continually presented in Thromde Tshogde, and strictly complying with existing financials.</p> <p>Gelephu Thromde</p>	<p>processes such as, 1. Revenue projections based on thorough study of revenues collected in the past years and sources of revenue, 2. Standard and uniform formats for financial reports, 3. Preparation of required financial reports, 4. Proper maintenance of supporting documents, 5. Verification of financial reports, 6. Defined lines of reporting.</p> <p>Until such time, the recommendation shall remain partially implemented for all the thromdes.</p>

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	<p>MoWHS under project (BUDP-II), the accounting system is moving from the cash based to accrual based. Thromde administration has kept budget to develop software for accounting system.</p>	
<p>4.7 Thromdes should strengthen expenditure control mechanisms</p> <p>Partially Implemented</p> <p>The Thimphu Thromde reported Outsourcing policy was discussed during recent four Thromdes coordination meeting held in Gelephu. Besides, waste management and parking fees which are already outsourced, the Thromdes are looking for outsourcing water treatment and sewerage plants to cut down the recurrent expenditures.</p> <p>Based on above initiative, the recommendation is considered Partially Implemented. However, Thromdes still</p>	<p>Thimphu Thromde</p> <p>The services delivered are all system generated and Three revenue personal are assigned with different ToR as follows:</p> <ol style="list-style-type: none"> 1. Collection of taxes, fees, other receivable. 2. Depositing of cash and 3. Preparation of accounts statements <p>S/Jongkhar Thromde</p> <p>ARMS guides us wherever the expenditure is required to be made. With joining of full time IA and procurement officer, internal control mechanism is fully in place. Being followed financial rules and regulations that is in place. Procurement as per PRR. Trainings are scrutinized as per relevancy and output</p>	<p>Partially Implemented</p> <p>While taking note of the responses, the Thromdes are yet to review and carry out the detailed analysis of their expenditures and identify areas where cost reduction and cost control measures can be possible.</p> <p>Therefore, the status of the recommendation shall remain partially implemented until the Thromdes carry out the detail analysis of expenditures and come up with the control measures.</p>

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Status on 1st Review		Action Taken/ To be Taken after 1st Review	Status on 2nd Review
	<p>need to come up with mechanisms to control unnecessary expenditures by way of excess payments, inadmissible payments of advances, unplanned execution of activities, ensuring quality in the construction works, avoiding duplication of works, curtailing unplanned repair and maintenance works or through timely maintenance.</p> <p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>monitored. Tshogde being highest decision making body guides administration in all areas of expenditure control. Thromde had also requested BPC to provide us subsidy on street lighting where we have been charged at industrial rate though the facility is provided for general public</p> <p>P/ling Thromde</p> <p>Strictly is following existing FRR, Human Resources are recruited strictly based on approved plan and need based (for muster roll employees)</p> <p>Gelephu Thromde</p> <p>Outsourced to private companies for town cleaning operation, bush cutting along Sarpang-Gelephu highway, waste collection etc.</p>	
4.8	<p>Thromdes should devise strategies to encourage taxpayers to pay taxes on time</p> <p>The Thimphu Thromde has taken initiatives for efficient service delivery by instituting various tax payments system, thus</p>	<p>S/Jongkhar Thromde</p> <p>Samdrup Jongkhar has no defaulters as of date. However in order to ease the burden on the tax payers the Revenue assistant for one whole</p>	<p>Implemented</p> <p>The recommendation is considered implemented for all the three Thromdes since the initiatives were taken to encourage</p>

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Status on 1 st Review	Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
<p>recommendation is considered Implemented. In case of Samdrup Jongkhar Thromde, the recommendation is considered Partially Implemented as they have not initiated developing strategies to encourage tax payers to pay on time.</p> <p>In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.</p>	<p>month stays at Dewathang to collect the annual land tax so that they do not have to travel all the way from Dewathang to Samdrup Jongkhar undertaking 18 kms. Also the notifications are aired in the BBS and also our local channels requesting them to come for the payment of taxes.</p> <p>P/ling Thromde</p> <p>Awareness are continually conducted formally as well as informally, reminders and notification of tax payment through media started and looking for other measures to pay tax on time. However, instituting online system for tax payers are beyond the capacity of Thromde.</p> <p>Gelephu Thromde</p> <p>i. Gelephu Thromde with consultation with NLCS has plan to institute online tax system similar to BOLTS (online tax system for rural land)</p>	<p>the tax payers by deputing a revenue personnel in the area during the annual tax collection and notifying the public for the payment of taxes through various medias.</p> <p>Meanwhile in case of Gelephu Thromde, the plans for online tax payment is in the process.</p>

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Status on 1 st Review	Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
	ii. Notifies all land owners to pay land tax yearly-failing to do so are levied 24% penalty. iii. For e-payment and m-bob, Thromde will consult financial institutes to see the possibilities.	
4.9 Thromdes should consider revision of taxes, fees and charges Partially Implemented The Thimphu Thromde has submitted draft proposal report of revision of taxes to the MoF. Hence, the recommendation is considered Partially Implemented . Samdrup Jongkhar Thromde has indicated that the revision of taxes is not within their authority. In case of Phuentsholing and Gelephu Thromdes, the recommendations remain status quo in absence of action taken reports.	Thimphu Thromde A draft revision report proposed to Ministry of Finance and the Parliament has postponed the discussion in the Winter session. S/Jongkhar Thromde As stated earlier that the Thromde has no authority to increase the tax but it has to be approved by parliament and only after the resolution is passed, Thromde will have authority to increase the taxes. However, the Thromde administration with the onset of the new financial year 2020 -2021, Thromde has proposed to increase the water tariff so as to be in par with all the expenses involved in supplying the water to the public. P/ling Thromde	Partially Implemented. While taking note of the responses, the Thromdes should propose for revision of taxes which was initiated since 2014. The Thromdes in consultation with the MoF and MoWHS should also consider revising fees and charges. As such, the status of the recommendation shall remain partially implemented until the taxes, fees and charges are revised.

Audit Report : Performance Audit Report on Revenue Collection & Management in Thromdes (AIN: 15086) Date of Issue : 25 May 2018 Name of Agency (s) : Thromdes- Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar No. of Review : 2 nd Review			
Status on 1 st Review		Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
		<p>Covered in recommendation 2 & 4.</p> <p>Gelephu Thromde</p> <p>Thromde will pursue the revision of fees and charges. Revision of taxes will be done by MoF.</p>	
4.10	<p>Thromdes should exercise due diligence and prudence in the management of government land</p> <p>The Thimphu Thromde reported that plot owners were served with notifications to dismantle the structures on the government land and surrender the same to the government. In the event of non-surrender of the government land, the actions will be taken accordingly as per DCR.</p> <p>However the lease rent of Nu.225,246.52 is yet to be recovered from the four plot owners. Hence, the recommendation is considered Partially Implemented.</p> <p>In case of Phuentsholing Thromde, no action has been initiated to combat encroachment of</p>	<p>Thimphu Thromde</p> <p>The Thromde follows the Notification issued by National land Commission vides no. NLC/DoLAM(01)2017-18/012487 dated 4/7/2018 on managing the Government Land within the jurisdictions of Thromde.</p> <p>P/ling Thromde</p> <p>All the cases reported in report are in the process of resolving. Thromde has done due diligence in notifying and following up with the concerned occupants and relevant offices.</p>	<p>Partially Implemented</p> <p>The status of the recommendation shall remain the same with Thimphu Thromde since the lease rent of Nu.225,246.52 has not been realized and no appropriate actions taken for the expired short term lease.</p> <p>In case of P/ling Thromde, the cases are being reviewed and in the process of resolving. As such, the recommendation is considered partially implemented.</p>

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	Status on 1 st Review	Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
	government land. As such, the recommendation is considered Not Implemented .		
4.11	<p>Thromdes should institute mechanism to ensure equality and uniformity in application of taxes, charges, fees, etc.</p> <p>Partially Implemented</p> <p>The Thimphu thromde reported that they have developed new Taxation Policy which will address inequality and non-uniformity in application of taxes, charges, fees, etc.</p> <p>The Thimphu thromde also need to furnish a proof of the deposit of vacant land tax amounting to Nu.559,865.85 into revenue account.</p> <p>Hence, the recommendation is considered Partially Implemented.</p>	<p>Thimphu Thromde</p> <p>The detail revision of taxes like House tax, service charges, sewerage charges and other amenities fees will be segregated depending on the service provided by the Thromdes.</p> <p>S/Jongkhar Thromde</p> <p>The I-Technologies have finished their project and has handed over the functional system which is currently being implemented by the Administration for collecting revenue from public namely Assets & Revenue Management system where necessary input is framed for calculating equality and uniform taxes as per land use precinct, especially land tax while individual assessment for building tax has been incorporated in ARMS. It is an online system and the</p>	<p>The Thimphu Thromde is yet to furnish a proof of Nu.559,865.85 collected as vacant land taxes.</p> <p>The RAA emphasizes on the sewerage charges without sewer line connection. Levying 50% of water bill as sewerage charges without sewer connection is not only illogical but also unfair to the residents. While RAA acknowledges the responsibility of Thromde to provide one time free vacuum tanker service, the fact is that the residents are rather overly charged for the service which is supposed to be free of charge. The RAA reaffirms that the residents need to be charged on the services availed by them.</p> <p>With regard to lease rent of Kuensel Corporation Ltd., the Thimphu Thromde is</p>

Exhibit-E

Audit Report : Performance Audit Report on Revenue Collection & Management in Thromdes (AIN: 15086) Date of Issue : 25 May 2018 Name of Agency (s) : Thromdes- Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar No. of Review : 2 nd Review			
Status on 1st Review		Action Taken/ To be Taken after 1st Review	Status on 2nd Review
		<p>collection of Revenue was made through it since August 2019.</p> <p>P/ling Thromde</p> <p>As far as Thromde is concerned, application of taxes, charges, fee etc are based on equality and uniformity. Sewer charges is because those who are without sewer network are provided 3 times of emptying septic tanks in a year without charges. However, as per decision of 7th Thromde Tshogde, sewer charges collection discontinued for the LAPs without sewer network but levy certain fees in accordance with the exiting norm whenever facility of emptying septic tank is rendered.</p> <p>Gelephu Thromde</p> <p>Deployed enumerators to develop comprehensive building inventory with defined units based on the actual field measurements.</p>	<p>yet to furnish the exemption letter as per the RAA’s further comments of the audit report.</p> <p>As such, the status of the recommendation shall remain partially implemented until the above issues are reviewed and initiated.</p> <p>In case of three Thromdes, the equality and uniformity in application of taxes, charges, fees, etc would be addressed with the development of Assets & Revenue Management System. Meanwhile, the P/ling Thromde has reported to have discontinued the sewer charges collection without sewer network but to levy certain fees whenever the facility is availed for emptying the septic tank.</p> <p>In view of the above, the recommendation is considered implemented for three thromdes.</p>
4.12	Thromdes should have realistic staffing plan	P/ling Thromde	

Audit Report : Performance Audit Report on Revenue Collection & Management in Thromdes (AIN: 15086) Date of Issue : 25 May 2018 Name of Agency (s) : Thromdes- Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar No. of Review : 2 nd Review		
Status on 1 st Review	Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
<p>Implemented</p> <p>The Thimphu Thromde has reported that they have recruited additional revenue staff in the revenue section. Thus, the recommendation is considered fully Implemented.</p> <p>Similarly, in case of Samdrup Jongkhar Thromde, the recommendation is considered fully Implemented.</p>	<p>Staffing are as per the approved 11th FYP staffing provided by RCSC, as the Thromde is also in the process of making revenue collection system based, possibly the staffing may become totally irrelevant to deal manually later. However, if HR autonomous is given, Thromde can deal accordingly.</p> <p>Gelephu Thromde</p> <p>The current staffing plan approved by RCSC will be reviewed and improved when new OD exercise is initiated by RCSC.</p> <p>However, with regard to staffing under revenue section, the following strategies developed and implemented:</p> <ol style="list-style-type: none"> 1. One account personnel deployed as per the approved staffing pattern to handle the revenue related activities. 2. In absence of the revenue personnel while on leaves etc., one accounts personnel from the pool is deploying as substitute to hand the revenue related services. In the past, irrelevant official having no financial skill and 	<p>Implemented</p> <p>Since the Thromdes, P/ling and Gelephu are directly under RCSC, the staffing plan is as approved by the RCSC. However, the Thromdes should either ask for additional staffs for revenue section or depute trained personnel as and when required.</p> <p>It has been noted that accounts personnel is being deployed in the revenue section to handle with the revenue related activities in case of Gelephu Thromde.</p> <p>In view of the above, the recommendation is considered implemented for both the Thromdes.</p>

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Status on 1 st Review		Action Taken/ To be Taken after 1 st Review	Status on 2 nd Review
		<p>qualification were deployed as substitutes due to inadequate accounts personnel in the pool. Currently, the thromde has 6 accounts personnel including one deployed in the revenue section.</p>	
4.13	<p>Thromdes concerned should deposit the amount not accounted</p> <p>A total of Nu.76,986.00 was stated to be deposited into bank as evidenced by the deposit slips, however the accountal in the books of accounts is yet to be verified in audit. Meanwhile the Thimphu thromde is tracing out the balance of Nu.527,830.00.</p> <p>Thus, the recommendation is considered Partially Implemented for Thimphu Thromde and Not Implemented for Gelephu and P/ling Thromdes.</p>	<p>Thimphu Thromde</p> <p>The Thimphu Thromde Management and the Internal Auditors with Audit Focal are reviewing the remaining non-accountal amount to be refunded from the concern official.</p> <p>P/ling Thromde</p> <p>Not applicable as case has been resolved.</p> <p>Gelephu Thromde</p> <p>Annual auditing is going on so thromde administration has requested RAA to verify and the same report will be forwarded to follow up division.</p>	<p>Partially Implemented</p> <p>The Thimphu Thromde reported that they are working on the remaining balance of Nu.527,830.00. While the amount of Nu.76,986.00 deposited into bank is yet to be verified in the books of accounts.</p> <p>In case of P/ling and Gelephu Thromdes, the non-accountal of Nu.8,433,889.21 and Nu.181,550.89 respectively should be recovered and deposited into audit recoveries account.</p> <p>Until such time, the recommendation shall remain partially implemented for all the three Thromdes.</p>
4.14	<p>Thromdes concerned should vigorously follow-up the outstanding revenue</p>	<p>Thimphu Thromde</p>	<p>Partially Implemented</p>

Audit Report	: Performance Audit Report on Revenue Collection & Management in Thromdes (AIN: 15086)				
Date of Issue	: 25 May 2018				
Name of Agency (s)	: Thromdes- Thimphu, Phuentsholing, Gelephu and Samdrup Jongkhar				
No. of Review	: 2 nd Review				
Status on 1st Review		Action Taken/ To be Taken after 1st Review		Status on 2nd Review	
<p>While the RAA appreciates Thimphu thromde in particular for bringing down the defaulters' number to 234 from 1,374, the Thromdes in general should strengthen enforcement actions and mechanisms besides following up vigorously on the overdue revenues.</p> <p>Until such dues are collected and accounted for, the recommendation is considered Partially Implemented for Thimphu thromde and Not Implemented for rest of the thromdes.</p>		<p>With continuous follow-up and issuing Notice, the defaulters tax payers has been drastically reduced with imposing fines and penalties as and when they come for paying taxes.</p> <p>P/ling Thromde</p> <p>Covered in recommendation 10.</p> <p>Gelephu Thromde</p> <p>Thromde administration has been doing vigorous follow up of outstanding revenues by notifying in media.</p>		<p>While RAA noted the regular follow-up of outstanding revenues, Thromdes should report the actions taken as per the Enforcement of Thromde tax laws other than imposing fines and penalties.</p> <p>Further, a prescribed procedure to annul the thram of defaulting taxpayers so developed by NLCS should be shared with the RAA.</p> <p>Until such time, the recommendation shall remain partially implemented.</p>	

EXHIBIT-F

Review Report of Performance Audit Report on Bhutan Chamber of Commerce & Industry

Audit Report : Performance Audit Report on Bhutan Chamber of Commerce and Industry (AIN: 15407) Date of Issue : 15 August 2018 Name of Agency (s) : Bhutan Chamber of Commerce & Industry No. of Review : 3 rd Review			
Status on 2nd Review		Action Taken/ To be Taken after 2nd Review	Status on 3rd Review
1.1	Need for legal recognition of BCCI Partially Implemented The response has been noted. However, the recommendation is considered Partially Implemented until the legal recognition is granted to the BCCI within the agreed timeline of December 2019.	Based on the discussion and suggestion from the Ministry of Economic Affairs, the BCCI is putting a chapter in Trade and Investment Bill (TIB). As such, the draft provision is already shared with the Ministry of Economic Affairs for inclusion in the bill that would provide legitimacy to Chamber's existence as one of the business promotion organization agency. Meanwhile, the existing charter is also being amended to bring it into context.	Partially Implemented While RAA appreciates the initiatives taken so far for legitimacy of the Chamber's existence, the status of the recommendation shall remain the same until the bill is passed by the Parliament and Charter endorsed by the AGM.
1.2	Need to revise and update BCCI Charter Partially Implemented The recommendation is being pursued by the Chamber. The timeline given for implementation of Recommendation is by December 2019.	The existing charter has been amended for endorsement to the next Annual General Meeting by the Executive Committee. However, due to COVID-19 pandemic, the scheduled 108 ECM to be held on 26 March, 2020 could not be held and hence the review and endorsement of the draft amended charter is yet to be obtained.	Partially Implemented The response has been noted. However, the status of the recommendation shall remain the same until it is endorsed by the AGM and copy shared with the RAA.
1.3	Need to institutionalize strategic planning framework Partially Implemented	The strategic planning framework is drafted and will be circulated in advance among the EC members and it shall be presented in EC meeting	Partially Implemented The response has been noted. However, the status of the recommendation shall remain

Exhibit-F

Audit Report	: Performance Audit Report on Bhutan Chamber of Commerce and Industry (AIN: 15407)	
Date of Issue	: 15 August 2018	
Name of Agency (s)	: Bhutan Chamber of Commerce & Industry	
No. of Review	: 3 rd Review	
Status on 2nd Review		Action Taken/ To be Taken after 2nd Review
	<p>The recommendation is considered Partially Implemented since initiatives has been taken by the BCCI on the development of the strategic planning framework.</p> <p>The timeline given for implementation of recommendation is by June 2020.</p>	<p>for administrative approval. This also got delayed for the reasons as explained above in sl. No. 1.2.</p>
	<p>1.4 Need to draft its own financial manual governing its financial operations</p> <p>Partially Implemented</p> <p>It has been noted that the drafting of financial manual is still in the process and will completed within the agreed timeline of December 2019.</p>	<p>The BCCI has drafted its own financial manual and it was supposed to be discussed during the 108 EC meeting. However, as explained above in sl. No.1.2, the meeting was postponed till further notice.</p>
	<p>2.1 Need to develop system of assessment and protocols before undertaking projects</p> <p>Partially Implemented</p> <p>The work is under progress and will be completed within the agreed timeline of December 2019.</p>	<p>Done. The soft copy for the same was submitted to RAA on 01 January 2020 and a copy of the internal order along with the document was shared to RAA. (Attached both hard and soft copy as Annexure-I for reference.</p>
		<p>Status on 3rd Review</p> <p>the same until it is approved by the Executive Committee and copy shared with the RAA.</p>
		<p>Partially Implemented</p> <p>The response has been noted. However, the status of the recommendation shall remain the same until it is approved by the Executive Committee and copy shared with the RAA.</p>
		<p>Implemented</p> <p>Since the BCCI has come up with the project assessment and screening protocol with the objective to lay down clear and systematic procedures for selecting projects, the recommendation is considered implemented.</p>

Exhibit-F

Audit Report : Performance Audit Report on Bhutan Chamber of Commerce and Industry (AIN: 15407) Date of Issue : 15 August 2018 Name of Agency (s) : Bhutan Chamber of Commerce & Industry No. of Review : 3 rd Review			
Status on 2nd Review		Action Taken/ To be Taken after 2nd Review	Status on 3rd Review
2.2	BCCI must undertake training needs assessment of the private sector entities Partially Implemented The work is under progress and will be completed within the given timeline of December 2019.	Done. The soft copy for the same was submitted to RAA on 01 January 2020. The same copy is shared electronically to focal officer by email.	Implemented The BCCI had conducted Private Sector Human Resource Capacity Development Review (2012-18) and developed Human Resource Capacity Development Need (2018-23) for the next five years. The BCCI has identified 44 trainings in 91 training centers for 1,840 in-service candidates from private sectors. In view of the above, the recommendation is considered implemented.
3.1	Long term financial sustainability of BCCI must be reviewed Partially Implemented The work is under progress and will be completed within the given timeline of June 2020.	Done. The copy of the document is enclosed as Annexure-II for reference and soft copy for the same will be shared electronically.	Implemented The BCCI has come up with the financial sustainability analysis report 2019-2024 that indicated the financial positions of the Chamber for the past five years, 2014 to 2018 and liquidity analysis for the next five years from 2019 to 2024. In view of the above, the recommendation is considered implemented.

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Status on 2nd Review		Action Taken/ To be Taken after 2nd Review	Status on 3rd Review
3.2	<p>Need to strengthen control over revenue management</p> <p>Partially Implemented</p> <p>The BCCI reported that they have incorporated new features in the money receipts, delineated roles and responsibilities of the officials for printing, custody and management of money receipt booklets.</p> <p>Attempts were also made by BCCI to trace out the missing receipt booklets but has failed to locate the receipt booklets.</p> <p>Further, the public has been notified on the missing receipt booklets through Kuensel issue on August 2018.</p> <p>In view of special committee formed and study carried out on missing receipts, it is considered Partially Implemented.</p> <p>However, until the BCCI takes Administrative Actions against the</p>	<p>The BCCI would like to inform that the office has misplaced the second review report of performance audit on BCCI, which upon enquiry to RAA on 09 April 2020 was informed that it was shared electronically to one of the officials in BCCI. Since, the office was not able to trace the document, we requested the focal officer, RAA to share the report by email.</p> <p>Based on the RAA’s further comment on the final review report dated 08 May 2019, this matter will be discussed in the BCCI HRC for appropriate decision which shall be updated to RAA thereupon.</p>	<p>Partially Implemented</p> <p>The response has been noted. However, the BCCI is yet to take the Administrative Actions against the responsible officials as per the RAA’s last further comments.</p> <p>Until such time, the status of the recommendation shall remain the same.</p>

Audit Report : Performance Audit Report on Bhutan Chamber of Commerce and Industry (AIN: 15407) Date of Issue : 15 August 2018 Name of Agency (s) : Bhutan Chamber of Commerce & Industry No. of Review : 3 rd Review			
Status on 2nd Review		Action Taken/ To be Taken after 2nd Review	Status on 3rd Review
	responsible officials, the recommendation shall remain unresolved.		
3.3	<p>Need to strengthen controls over revenue recognition and follow up mechanism on trade fair revenues</p> <p>Partially Implemented</p> <p>The BCCI must expedite recovery of Nu.1,266,748.00 from M/s Alpha Associates within the agreed timeline of December 2019.</p>	<p>On the dues receivables from M/s Alpha Associate, as per the 106 EC directives, the BCCI wrote to Embassy o India on 18 April 2019 for their support in realizing the dues from Alpha Associates. After several follow ups, the Embassy informed that trade disputes/ commercial disputes have been assigned to Consulate General of India, Phuntsholing and we were advised to write to them. As advised, the BCCI has written to Consulate General of India on 02 December 2019 and we are still waiting for their response.</p> <p>However, informally they have indicated that they may not be able to do much on this matter. The entire report will be tabled in the EC meeting. The correspondence of the same is attached as Annexure III for reference.</p> <p>BCCI would like to inform that it has now exhausted all its effort in realizing the dues. The only option for BCCI secretariat is to table this matter to ECM for final directives.</p>	<p>Partially Implemented</p> <p>While RAA commends the efforts of BCCI in realization the dues from M/s Alpha Associates, the appropriate decision and action of the ECM is awaited.</p> <p>Until such time, the status of the recommendation shall remain the same.</p>

Audit Report : Performance Audit Report on Bhutan Chamber of Commerce and Industry (AIN: 15407) Date of Issue : 15 August 2018 Name of Agency (s) : Bhutan Chamber of Commerce & Industry No. of Review : 3 rd Review			
Status on 2nd Review		Action Taken/ To be Taken after 2nd Review	Status on 3rd Review
3.4	BCCI should strengthen budgeting system and processes Partially Implemented The recommendation is considered Partially Implemented until the drafting of financial manual is completed and approved for implementation within the agreed timeline of December 2019.	Strengthening on the whole budgeting system and processes is incorporated in the financial manual.	Partially Implemented The response has been noted. However, since the financial manual is still in draft, the status of recommendation shall remain the same until it is approved and finalized.
3.5	BCCI need to exercise prudence over infructuous expenditure Partially Implemented The recommendation is considered Partially Implemented until the drafting of financial manual is completed and approved for implementation within the agreed timeline of December 2019.	Included in the Financial Manual.	Partially Implemented The response has been noted. However, since the financial manual is still in draft, the status of recommendation shall remain the same until it is approved and finalized.
4.1	BCCI must draw HR master plan Partially Implemented	BCCI is in process of drawing a master plan.	Partially Implemented The status of the recommendation shall remain the same until the development of HR master plan is completed.

Audit Report : Performance Audit Report on Bhutan Chamber of Commerce and Industry (AIN: 15407) Date of Issue : 15 August 2018 Name of Agency (s) : Bhutan Chamber of Commerce & Industry No. of Review : 3 rd Review		
Status on 2 nd Review	Action Taken/ To be Taken after 2 nd Review	Status on 3 rd Review
The recommendation is considered Partially Implemented as drafting of HR master plan is under process and expected to complete within given timeline of June 2020.		

EXHIBIT-G

Review Report on Review of In- country Travels

Audit Report : Review of In-country Travels (AIN: 14938) Date of Issue : 02 February 2018 Name of Agency (s) : Ministry of Finance No. of Review : 3 rd Review			
Status on 2nd Review		Action Taken/ To be Taken after 2nd Review	Status on 3rd Review
4.1	<p>TA/DA rules should be rationalized</p> <p>Partially Implemented</p> <p>The recommendation was considered Partially Implemented after the consultative meeting held between PAC, MoF and RAA on 28 & 29 March 2019.</p> <p>As of 30 April 2019, the RAA has not received any comment from the RCSC.</p>	<p>Based on the recommendation, the Ministry of Finance has issued a notification reference no. DNB/Rules/2017-18/1743 dated 1 May 2018, regarding payment of TA/DA claims. Lapses and shortcomings as reported in the report was highlighted along with required control measures to be complied by the budgetary agencies as per the relevant rules and regulations. A copy of the notification is shared with RAA.</p>	<p>Implemented</p> <p>The RCSC during consultation on BCSR 2018 with regard to revision of mileage claim beyond 10km found that, the changing of mandatory distance beyond 10km would not address the issue. It was stated that it would be more effective to put the onus on the management to manage.</p> <p>Further, the RCSC towards rationalizing travel, BCSR 2018 changed the provision on dropping and picking up of officials from the airport. With BCSR 2018, a civil servant is eligible to claim mileage only for dropping and pickup of official to/from the airport.</p> <p>In view of the above, the recommendation is considered implemented.</p>
4.2	<p>The MoF and MoHCA should rationalize the “dholam” and porter pony system</p>	<p>The Ministry of Home and Cultural Affairs (MoHCA) has notified the revised Dolam in all 20 Dzongkhags in January 2020. A copy of the</p>	

Audit Report : Review of In-country Travels (AIN: 14938) Date of Issue : 02 February 2018 Name of Agency (s) : Ministry of Finance No. of Review : 3 rd Review		
Status on 2 nd Review	Action Taken/ To be Taken after 2 nd Review	Status on 3 rd Review
<p>Partially Implemented</p> <p>The recommendation was considered Partially Implemented after the consultative meeting held between PAC, MoF and RAA on 28 & 29 March 2019.</p> <p>As of 30 April 2019, the RAA has not received any comment from the MoHCA.</p>	<p>revised notification has been circulated for strict compliance to all Dzongkhags and agencies.</p> <p>In line with the notification, the MoF has issued a notification MoF/DNB-Rules/2019-20/369 dated 6 May 2020 relating to payment of Difficulty Area Allowance which can be used as basis for payment for porter-pony charges. The copy enclosed was also shared with RAA.</p>	<p>Implemented</p> <p>The Ministry of Home and Cultural Affairs (MoHCA) has standardized Dolam and road distance between places in 20 Dzongkhags in January 2020 and accordingly MoF has notified the Difficulty Area Allowance as per the revised Dolam at the existing rates.</p> <p>In view of the above, the recommendation is considered implemented.</p>
<p>4.3 The MoF & MoHCA should standardize the distance between places Partially Implemented</p> <p>The recommendation was considered Partially Implemented after the consultative meeting held between PAC, MoF and RAA on 28 & 29 March 2019.</p> <p>As of 30 April 2019, the RAA has not received any comment from the MoHCA.</p>	<p>The Ministry of Home and Cultural Affairs (MoHCA) has notified the revised Dolam in all 20 Dzongkhags in January 2020 and is being implemented.</p>	<p>Implemented</p> <p>The Ministry of Home and Cultural Affairs (MoHCA) has standardized Dolam and road distance between places in 20 Dzongkhags in January 2020.</p> <p>In view of the above, the recommendation is considered implemented.</p>

Audit Report : Review of In-country Travels (AIN: 14938) Date of Issue : 02 February 2018 Name of Agency (s) : Ministry of Finance No. of Review : 3 rd Review		
Status on 2 nd Review	Action Taken/ To be Taken after 2 nd Review	Status on 3 rd Review
<p>4.5 Production of vehicle registration document should be mandatory for mileage claim</p> <p>Partially Implemented</p> <p>The recommendation was considered Partially Implemented after the consultative meeting held between PAC, MoF and RAA on 28 & 29 March 2019.</p> <p>As of 30 April 2019, the RAA has not received any comment from the RCSC.</p>	<p>The MoF has shared the Royal Civil Service Commission letter no. RCSC/LD-35/2019/4587 dated 30 May 2019 submitted to the Public Accounts Committee.</p>	<p>Implemented</p> <p>As per the RCSC, the rationale behind doing away with the requirement of vehicle registration book was that, a civil servant who genuinely claim mileage either do not own vehicle or have vehicle not registered in their names.</p> <p>The RCSC stated that as long as a civil servant uses private vehicle for official travel, he/she should be entitled for mileage claim. However, the controlling authority should ensure that the purpose of the travel is genuine and that the civil servant has actually used his or other vehicles for the travel</p> <p>In view of the above justifications, the recommendation is considered implemented.</p>

EXHIBIT-H

Review Report of Performance Audit Report on Provision of Drinking Water in Thimphu Municipality

Audit Report : Performance Audit Report on 'Provision of Drinking Water in Thimphu Municipality (AIN: 14732) Date of Issue : 14 August 2017 Name of Agency (s) : Thimphu Thromde, Royal Centre for Disease Control (RCDC), Ministry of Health (MoH), Ministry of Works and Human Settlement (MoWHS) and National Environment Commission Secretariat (NECS) No. of Review : 5 th Review			
Status on 4 th Review		Action Taken/ To be Taken after 4 th Review	Status on 5 th Review
4.1 Thimphu Thromde should provide reliable and equitable water supply to its population Partially Implemented The Thimphu Thromde reported that although there is no strategic water master plan, the existing water shortages are being addressed through numerous initiatives in addressing the water shortages and equitable distribution of water supply to its population. Besides, the activity is incorporated under 12 th FYP as one of the flagship programs. The Thromde also reported that with the recent commissioning of central water supply from Dodena, it has resolved water shortages in most of the areas. The efforts are still being taken to enhance the distribution network through inter connections. However, the Thimphu Thromde may consider developing strategic water	<ol style="list-style-type: none"> 1. Transmission line from Taba Water Treatment Plant to Mothithang Three Tank completed. 2. Dodeyna Water supplied to Changjij Colony, YHS area and Langjophakha Area. 3. Water distribution network completed in lower Taba LAP with reliable water source from Dodeyna water Treatment Plant. 4. Distribution network at Hejo-Samtenling Lap ongoing. 	Partially Implemented While RAA commends the efforts of Thimphu Thromde in addressing the water shortages, there is still water shortages and unequal distribution of water supply in most of the areas. Despite adequate drinking water, some residents do not get adequate drinking water. This is due to the fact that the Thromde has not come up with the proper planning and distribution network taking into consideration of the size of population, user group and the concept of equity while planning the water supply. The RAA reaffirms that Thromde should develop a strategic water distribution plan which would provide a clear direction towards achieving reliable and equitable water supply to its population.	

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Name of Agency (s)	: Thimphu Thromde, Royal Centre for Disease Control (RCDC), Ministry of Health (MoH), Ministry of Works and Human Settlement (MoWHS) and National Environment Commission Secretariat (NECS)		
No. of Review	: 5 th Review		
Status on 4th Review		Action Taken/ To be Taken after 4th Review	Status on 5th Review
	distribution plan taking into account the size and density of population, area and different user groups to ascertain the amount of water supply required for each zone in order to ensure reliable and equitable drinking water within the agreed timeline of June 2019 .		Until such time, the status of the recommendation shall remain the same. Further the Thimphu Thromde should provide definite timeline for implementation of the recommendation.
4.2	<p>Thimphu Thromde should establish a robust system to monitor and supervise the water distribution network</p> <p>Partially Implemented</p> <p>The Thimphu Thromde has come up with the job descriptions and responsibilities of the engineers, technicians and plumbers as one of the components of monitoring system</p> <p>However, the monitoring standards, protocol, and reporting system is yet to be developed as recommended.</p>	<ol style="list-style-type: none"> 1. Pilot Project on “Smart Water Management” initiated in Lungtenphu/Olakha LAP funded by ADB in collaboration with K-Water, Korea. 2. Phase I: The team from Water Management International (WMI), France, visited Thimphu Thromde on “Piloting on NRW (Non-Revenue Water) with MoWHS and Thimphu Thromde. 	<p>Partially Implemented</p> <p>The status of recommendation shall remain the same until the Thimphu Thromde comes up with the robust monitoring system for water distribution networks.</p> <p>Further the Thimphu Thromde should provide definite timeline for implementation of the recommendation.</p>
4.3	<p>Thimphu Thromde should maintain and safeguard water distribution network</p> <p>Partially Implemented</p>	Phase II: Disconnection of Private water lines at Changzamtog area will be lifted once the Dodeyna Water Supply is commissioned from Mothithang Three Tank.	<p>Partially Implemented</p> <p>The Thimphu Thromde as per RAA’s last comments should furnish the reports of</p>

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No. of Review : 5 th Review			
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<p>While the inadequacies noted in the water distribution network such as installation of water meters and improper fencing at service tanks were carried out, the inappropriate laying of water distribution pipes and non-functional of bulk meters are not fully rectified.</p> <p>The RAA noted that the blue print of water network system for core city available in GIS is stated to be out of date and needed an updated version. The Digitization of the as built infrastructure for North and South Thimphu is under process while the digitization of Dechencholing water network has been completed and yet to be updated in the GIS.</p> <p>Further, the Thromde is also in the process of developing guidelines and SOPs for O&M of water supply systems as software component in the 12th FYP.</p>		<p>inappropriate laying of water distribution pipes and non-functional of bulk meters.</p> <p>Similarly, the blue print of water network system of core city and Dechencholing in GIS should be updated while the digitization of as built infrastructure for North and South Thimphu is completed and updated as well.</p> <p>The guidelines and SOPs for O&M of water supply system so developed should be shared with the RAA for further review.</p> <p>Until such time, the status of the recommendation shall remain the same.</p>	
4.9	Coordination amongst the relevant agencies and authorities should be strengthened	As per the Water Regulation of Bhutan 2014, NEC is the apex independent Authority, The	Partially Implemented

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No. of Review : 5 th Review		
Status on 4th Review	Action Taken/ To be Taken after 4th Review	Status on 5th Review
<p>Partially Implemented</p> <p>The National Water Resources Board instituted to enable coordination among relevant agencies is still inactive.</p>	<p>Thimphu Thromde is continually pursuing coordination with NEC, RCDC and MoH.</p>	<p>While taking note of the response, the RAA would appreciate receiving the reports or initiatives of the relevant agencies in implementing water management activities to provide reliable and safe drinking water to the beneficiaries and also to ensure sustainable development and management of water resources in the country.</p> <p>Until such time, the status of the recommendation shall remain the same.</p>
<p>4.10 The Ministry of Works and Human Settlement (MoWHS) should develop the master plan for drinking water supply</p> <p>Partially Implemented</p> <p>The recommendation is considered Partially Implemented as the draft water master plan for Thimphu Thromde water supply is yet to be approved and implemented.</p>	<p>A Water Supply Master Plan for Thimphu Thromde will be included in the 12th FYP.</p>	<p>Partially Implemented</p> <p>The status of the recommendation shall remain the same until the water master plan for drinking water supply is developed.</p> <p>The Thimphu Thromde in coordination with MoWHS should provide definite timeline for implementation of the recommendation.</p>
<p>4.11 The National Environment Commission Secretariat (NECS) should finalize the Water Resources Inventory at the earliest</p>	<p>The Thimphu Thromde is continually pursuing coordination with NEC.</p>	<p>Partially Implemented</p>

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No. of Review : 5 th Review		
Status on 4 th Review	Action Taken/ To be Taken after 4 th Review	Status on 5 th Review
<p>Partially Implemented</p> <p>The recommendation is considered Partially Implemented as the inventory for national water resources developed and printed in July 2018 by NEC is yet to be finalized.</p>		<p>The status of the recommendation shall remain the same until the water resources inventory is approved and finalized.</p> <p>The Thimphu Thromde in coordination with NEC should provide definite timeline for implementation of the recommendation.</p>

EXHIBIT-I

**Review Report of Performance
Audit Report on Delivery of
OPD Services at JDWNRH**

Audit Report : Performance Audit Report on Delivery of OPD Services at JDWNRH (AIN: 14724) Date of Issue : 22 August 2017 Name of Agency (s) : Jigme Dorji Wangchuck National Referral Hospital No. of Review : 5 th Review		
Status on 4 th Review	Action Taken/ To be Taken after 4 th Review	Status on 5 th Review
<p>4.9 JDWNRH should develop robust patient information system to enhance informed decision making</p> <p>Partially Implemented</p> <p>It has been noted that the initiatives are being taken in coming up with the ePIS for all the hospitals in Bhutan.</p> <p>Since, the works are under progress, the recommendation is considered Partially Implemented until the ePIS is fully developed and operationalized.</p>	<p>The Ministry of Health (MoH), Royal Government of Bhutan has prioritized the implementation of ePIS (Electronic Patient System), Health Information System (HIS) across all the health facilities with shared medical records in 12th Five Year Plan.</p> <p>The ePIS Program invited expression of interest (EoI) from interested relevant firms on 29th December 2018. The EoI evaluation was carried out in 2 phases, documentation evaluation and Product demonstration followed by the presentation. The product demonstration was focused on real time integration of proposed ePIS (HIS) system with radiology and laboratory machines.</p> <p>The ICT Division, DoS, Ministry of Health, called for the Request for Proposal from the six selected bidder on 29th August 2019. Similar to EoI, the proposal was evaluated in 2 phases, document evaluation and system integration with Radiology and Laboratory devices in JDWNRH. The demo was evaluated by panelists mostly</p>	<p>Partially Implemented</p> <p>The JDWNRH reported that the tenders were floated and same was evaluated. However, an executive order was received from the Cabinet Secretariat on 27th January 2020 with the instruction to award the ePIS project to the Druk Holding & Investment (DHI).</p> <p>The first round of meeting was also held between the Ministry of Health and Druk Holding and Investments (DHI) in the presence of other stakeholders.</p> <p>However, RAA during the last PAC consultative meeting, the JDWNRH was asked to provide the definite timeline for implementation of the recommendation.</p> <p>As such, the status of the recommendation shall remain the same until the system is fully developed and operationalized.</p>

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	<p>consisting of clinicians (Doctors, Drungtsho, Nurses and Technicians), program officers and IT.</p> <p>After compiling the scores of document and demo evaluation, the financial bids were opened and presented to the Ministry Level Tender Committee accordingly. The firm with the highest evaluation score was declared on 12th Sept., 2019.</p> <p>The Ministry of Health (MoH) upon receiving executive order no. D-10/1616 on 27th Jan. 2020 from Cabinet Secretariat to award ePIS Project solution procurement directly from DHI, MoH invited DHI to discuss the way forward to initiate the contract via letter no. MoH/ICT/119/2019-20/10215 to CEO, DHI on 28th Jan. 2020.</p> <p>The First Executive round table meeting on ePIS was held between the Ministry of Health (MoH) and Druk Holding and Investments (DHI) where other stakeholders (TTPL by DHI, DIT, GNHC and JDWNRH) were invited.</p>	

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Status on 4th Review	Action Taken/ To be Taken after 4th Review	Status on 5th Review
	<p>Yet, keeping the observations and requirements in mind, the JDWNRH has been closely working with the Ministry of Health (MoH) in coming up with the electronic Patient Information System (ePIS) instead of developing standalone information system for JDWNRH. The ePIS is a web based robust system that will take care not only of JDWNRH but the whole health system of the country.</p> <p>Considering its importance, the ePIS is also enlisted as one of the components under Digital Druknyul Flagship Program of 12 FYP.</p> <p>With the justification provided above I hope the memo will be dropped.</p>	

