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ROYAL AUDIT AUTHORITY
Bhutan Integrity House

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



PRESS RELEASE

In accordance with Article 25(5) of the Constitution of the Kingdom of Bhutan and Chapter 6, Section 115 and 116 of Audit Act of Bhutan 2018, the **Annual Audit Report (AAR) 2020 and Performance Audit Reports on Implementation and Management of Broadband Fiber Network and Ex-Country Travels** of the Royal Audit Authority has been submitted to the Druk Gyalpo, the Prime Minister and the Parliament.

The AAR 2020 is a compilation of un-resolved significant issues from 507 audit reports issued during the year 2020. It includes the certification of the Annual Financial Statements of the Royal Government, audit of accounts and operations of the RAA, accomplishments made by RAA during the year and summary on significant issues from the Audit of Hydropower projects. The significant matters contained in AAR 2020 include the following:

a) Certification of Annual Financial Statement of the Royal Government (2019-2020)

The RAA issued an unmodified (unqualified) audit report of the Annual Financial Statement of the Royal Government of Bhutan.

Highlights of Annual Financial Statements:

- | | |
|--------------------------------|---|
| • Revised Budget | Nu. 70,960.094 million |
| • Actual Expenditure | Nu. 59,506.404 million |
| • Revised Capital Budget | Nu. 31,510.374 million |
| • Actual Capital expenditure | Nu. 22,046.920 million |
| • Underutilised Capital budget | Nu. 9,463.454 million |
| • Total Public debt | Nu. 215,369.842 million (<i>Domestic Debt Nu. 1,986.721million and External Debt Nu. 213,383.117 million</i>) |

b) Total unresolved irregularities in AAR 2020-Nu. 2,051.233 million

c) Observation by categories

- | | |
|---------------------------------------|-----------------------|
| 1. Fraud and corruption | Nu. 18.330 million |
| 2. Embezzlement | Nu. 7.837 million |
| 3. Mismanagement | Nu. 42.760 million |
| 4. Non-compliance to laws and rules | Nu. 408.862 million |
| 5. Shortfall, lapses and deficiencies | Nu. 1,574.244 million |

d) Agencies with significant fraud, corruption and embezzlement cases

- | | |
|---|----------------------|
| 1. Four Gewogs(Radhi, Phongmey, Shongphu and Bidung), TrashigangDzongkhag | : Nu. 11.357 million |
| 2. ThimphuThromde | : Nu. 4.411 million |

*"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."
- His Majesty the King JigmeKhesarNamgyelWangchuck*



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3. Dzongkhag Administration, Pemagatshel : Nu. 2.059 million

e) Irregularities in Mangdechhu Hydro-Electric Project amounts to Nu. 6.379 million. It comprised of Nu. 4.293 million under Non-compliance to laws and rules and Nu. 2.086 million of shortfalls, lapses and deficiencies.

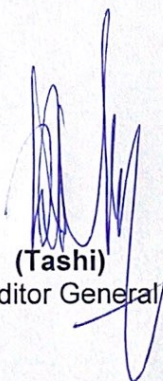
f) Performance Audit on Implementation and Management of Broadband Fiber Network

The Performance Audit was conducted on the Implementation and Management of Broadband Fiber Network to assess the economy, efficiency and effectiveness in its' implementation and management. The Department of Information Technology and Telecom (DITT) and Bhutan Power Corporation (BPCL) were audited for the period FY 2008-09 till 2017-18. To mention few, the audit noted weak regulatory role played by concerned agency and lack of mechanism to ensure sustainability of fiber network resources, and accordingly provided audit recommendations.

g) Performance Audit on Ex-Country Travels

The RAA carried out performance audit on Ex-Country Travels focusing on Short Terms Trainings (STTs). The audit assessed whether the agencies have exercised financial prudence while executing the STTs, and whether the required mechanisms are in place. Ten Ministries, RCSC, GNHCS and NECS were audited. These agencies were identified based on the quantum of expenditure, frequencies of travel and roles in execution of ex-country travels. The audit noted shortcoming and lapses on conducting training-need analysis, planning, resource mapping and lack of proper documentations. The audit provided recommendations accordingly.

The Annual Audit Report 2020 is available on the RAA's website www.bhutanaudit.gov.bt


(Tashi)
Auditor General

Date: 22nd June, 2021

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- His Majesty the King Jigme Khesar Namgyel Wangchuck*

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