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ROYAL AUDIT AUTHORITY
Bhutan Integrity House

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



PRESS RELEASE

Auditor General's Occasional Paper on "Agencies Rationalizing Irregularities"

In accordance with Section 114 of the Audit Act of Bhutan 2018, the RAA issues Auditor General's Occasional Paper on the theme, "**Agencies rationalizing irregularities**". AG's Occasional Paper is intended to inform the stakeholders on specific issues in the public sector governance and draw attention of the authorities and entities for appropriate interventions or actions to address the issues.

In the recent years, the RAA has reported increasing trend of irregularities in its successive Annual Audit Reports. It has generated attention of the public and fueled concerns that the public resources are mismanaged. Some were skeptical that the continuous auditing of RAA brings about improvement in governance of public sector. As an oversight body, there is a reason for the RAA to be more concerned about the trend. In a public accountability cycle, the RAA through its audit reports informs the public on the state of affairs of public operations and provide basis for holding those charged with governance responsible. This process is expected to promote desirable values and bolster accountability mechanism in the government and public sector. Despite continuous auditing, there seems to be little improvement in the governance of public sector in terms of curtailing irregularities in managing public resources. While rising trend of irregularities could be attributed to range of factors such as increase in the size of public expenditure, enhanced coverage of audit, etc., it is also an indication that there is a deficit of ethics and morality in the way public resources are managed.

In the backdrop of these, the paper attempts to discuss on how the enabling conditions are created across agencies for perpetration of irregular practices in their operations. It delves into what roles the institutions and public officials are expected to play to bring about positive changes in the society in terms of curbing irregular practices and bring about enhanced governance across public agencies. It uses Donald Cressey's Fraud Triangle model to discuss how fraud and irregularities are perpetrated by public officials at all levels. The fraud and irregularities occur basically due to favourable conditions rendered in work places that induce and provide opportunity and are often exacerbated by lack of strong system for punitive actions on perpetrators. Favorable conditions are created when control consciousness is absent, wrong actions are rationalized and responsibilities are shirked. There is a clear indication that agencies rationalize irregularities and fraudulent practices to the extent that such conditions are created or enabled by individuals at various positions of responsibility.

All public servants having placed with the trust of the citizens have the responsibility to act in a manner that best protects the interest of the citizens. Unless the collaborative mechanisms amongst all institutions in the public sector are put in place to pursue collective responsibility towards creating a cleaner society, institutions and agencies shall always remain derailed in their collective mission and continue to revolve around the question, "who is responsible?" and set in vicious cycle of blame game. It calls for a deeper introspection of all those who bear the trust of the public to own up to individual responsibility and take the step forward and work towards creating a cleaner public sector, worthy of trust and confidence of the citizens. Thus, it calls for all individuals in positions of responsibility to:

1. Countering factors that induce and allows irregular actions through creating of control consciousness, influencing ethical behaviours, zero tolerance to corrupt practices and setting a tone at the top;
2. Taking responsibilities at all levels to create ethical culture, drive desirable behaviours and embrace highest level of professionalism at all times;
3. Instituting a strong system of enforcing accountability and sanctions to further stimulate good governance and accountability in the public sector.

"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



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The paper also specifies some of the strategies that the RAA will continue to pursue to reinforce the accountability mechanism in the public sector and contribute to building trust in the public sector operations.

(Tashi)
 Auditor General

Date: 7th October 2021

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 - His Majesty the King Jigme Khesar Namgyel Wangchuck*

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