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The Royal Audit Authority (RAA) plans to levy the 24 per cent per year penalty on financial dues from the date when the amount should have been liquidated or paid.

According to the Audit Act, the Authority shall have powers to levy a penalty of 24 per cent per annum on financial dues to the government or to the public entities resulting from the audit report for the amount not deposited within the prescribed time frame.

Today, the penalty is imposed only after three months from the date of issue of audit reports.

As per the Finance and Accounting Manual, a penalty of 24% per annum shall be imposed on all financial dues to the government relating to outstanding advances, excess payments, inadmissible payments, embezzlements, misuse of funds and such other irregularities after three months from the date of issue of audit reports. The agencies concerned shall take legal action in case of non-recovery within twelve months from the date of issue of an audit report.

Last year, according to the Annual Audit Report, nearly 500-million-ngultrum was lost to fraud and corruption. It also includes embezzlement, mismanagement and failure to comply with laws and rules. And most of the amount is recoverable and should go back to the government.

The Royal Audit Authority says penalizing someone only after three months of issuing an audit report is like giving them interest-free loans.

“We are now going to implement where the penalty will be levied from the day they have taken the amount. There are several issues here. For instance, if it is an advance, they are supposed to liquidate within the financial year. So, within that financial year, if they have not liquidated, then we will levy the 24 per cent interest thereafter. The audit report could be published a year later or maybe two years. But we will levy penalty from the day that advance was supposed to have been liquidated,” said MinjurDorji, Deputy Auditor-General.

He added one way to resolve the irregularities is by not giving audit clearance. An audit clearance is required for any promotions, training and retirement benefits. The Royal Audit Authority will work with the finance ministry to amend the penalty provision in the Finance and Accounting Manual 2016.

SherubDorji