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Royal Audit Authority

2022-23

Annual Performance Report



Economy



Efficiency



Effectiveness

Policy and Planning Division

From the Auditor General

Towards ensuring accountability and transparency of our own conducts, the Royal Audit Authority (RAA) is pleased to present its Annual Performance Report 2022-23. The Part I of the report takes stock of achievements against key indicators and targets of our annual Operational Plan (OP) 2022-23, which is one of the action plans of our Strategic Plan 2020-2025.

The Strategic Plan 2020-2025 is third of its kind and is adopted with the joining of the present Auditor General in October 2020. It is operationalized through annual OPs and a monitoring and reporting framework has been adopted along with the strategic plan. The annual OPs are strategically guided by the implementation plan, which has been prepared for whole of the strategic plan period. The progress and achievement of the annual OP is monitored and reported quarterly to the management and changes are effected to the targets and indicators whenever necessary.

In order to realize the strategic goals and objectives, the RAA made substantial progress on strategic priorities of the year. The RAA achieved most of the planned activities through multiple initiatives such as conducting consolidated audits, attempting remote/hybrid mode of audits, use of technology in audits and providing virtual platforms for meetings and trainings.

The RAA was able to submit AAR 2021-22 to His Majesty the King, the Prime Minister, and the Parliament on 11th November 2022. It was tabled in the Joint Sitting of the Eighth Session of the Third Parliament on 6th December 2022.

RAA has been proactively participating and engaging in international forums and activities of both the International Organization of Supreme Audit Institution (INTOSAI) and Asian Organization of Supreme Audit Institution (ASOSAI) for capacity development and experience sharing.

The Part II of the report includes audit impacts from our audit results and encompasses a broad spectrum of achievements, including positive policy shifts, substantial cost savings, operational improvements, internal control effectiveness, and deterrence against unethical practices through appropriate sanctions.

While the full long-term impact will become apparent over time, we have already made significant strides in experiencing immediate positive effects, such as government cost savings and promoting accountability and ethics in the public sector.

It highlights tangible outcomes achieved in the FY 2022-23, demonstrating our commitment to transparency, accountability, and governance excellence. These audit impacts exemplify our commitment to be a catalyst in creating a better environment for our citizens.

As a head of the agency, I take this opportunity to convey to our stakeholders and citizens that this report is one of the tools to disseminate information on our operations, functions and audit impacts. I hope this report will prove to be useful to the readers in gaining insight on our functions and activities and overall performance of the RAA.



(Tashi)
Auditor General of Bhutan

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PART ONE

Performance of Royal Audit Authority



CHAPTER I

About the RAA

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

1.1 Mandates

The RAA has undergone a series of organizational and structural changes since its establishment as a Committee of Accounts and Audit in 1961.

It was instituted as a Department in 1974 and was declared a fully autonomous body in 1985 and was renamed as the Royal Audit Authority. As it went through the stages of changes, the Royal Decrees of 1970, 1997, 1999, 2000 and 2005 were issued covering the mandates of the RAA and stressing on the professional independence of the institution. Recognizing the significant role of the RAA in promoting good governance and public accountability through auditing and reporting on prudent, economic, efficient and effective use of public resources, it was bestowed with Constitutional Status in the year 2005.

The Constitution of the Kingdom of Bhutan mandates the RAA to audit and report on the economy, efficiency and effectiveness in the use of public resources.

The RAA also draws its mandates from the **Audit Act of Bhutan 2018** and other mandates from specific legislations such as Companies Act of Kingdom of Bhutan 2016, Public Finance Act 2007 and Amendment Act 2009, Religious Organizations Act 2007, Civil Society Act 2007 amongst others.

The RAA functions in accordance with the Audit Act of Bhutan 2018, which specifies independence, powers, duties, roles and responsibilities of the RAA. In order to enhance the credibility, professionalism and quality, the RAA adopted **International Standards for Supreme Audit Institutions (ISSAIs)** in 2016. Since then, financial, compliance and performance audits are conducted in accordance with the standards.



1.2 Audit Jurisdiction

- Accounts of the budgetary bodies including agency of the Government;
- Foreign assisted, donor assisted or special projects of the Royal Government;
- Embassies, consulates and other foreign-based government agencies;
- Zhung Dratshang, Rabdeys and all related institutions;
- Defense and Security Services;
- Constitutional bodies, Commissions and any other government agencies;
- Autonomous state colleges, universities and all autonomous bodies of the Royal Government;
- Registered Political parties;
- All state enterprises in which government has stake, financial institutions including the Central and other Banks and their subsidiaries established under the laws of Bhutan in which the Government has an ownership interest;
- All entities including non-governmental organizations, foundations, charities and civil societies fully or partly funded by the Government; whose loans are approved or guaranteed by the Government; and those receiving funds, grants and subsidies directly or through the Government and collections and contributions from people and fund raised through lottery;
- Any entity whether private or public engaged in extracting, processing, trading and mining of natural resources of the State;
- Any other public interest entity, if considered necessary by the Auditor General;
- Accounts and operations of international agencies based in Bhutan, if required under specific arrangement; and
- Any entity or activities upon command of His Majesty the Druk Gyalpo.

Notwithstanding the provision of any laws relating to accounts, and audit of any public or private entities, the Parliament, by resolution, may direct that the accounts of such entities be audited by the RAA.

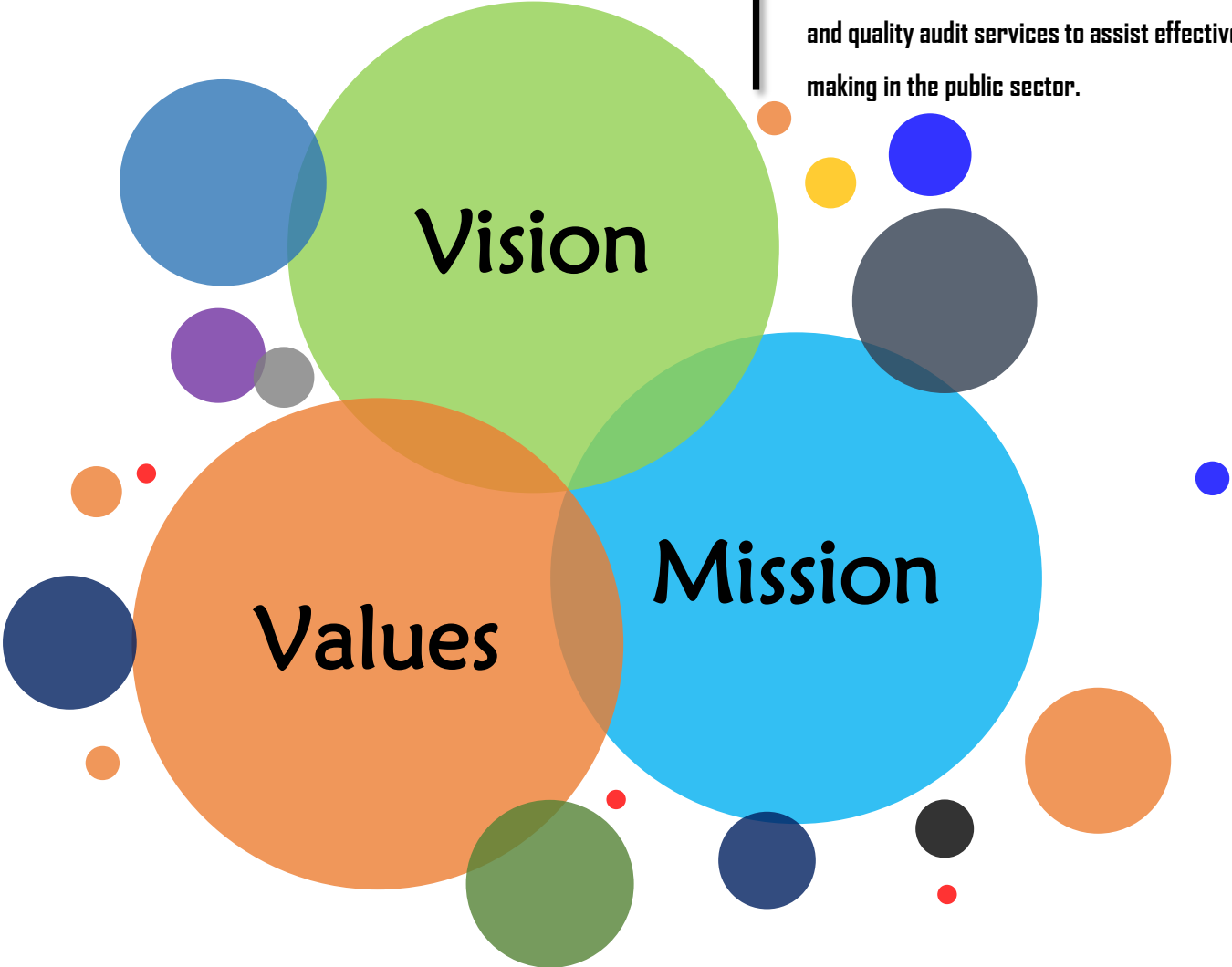
1.3 Vision, Mission & Values

OUR VISION

A credible Supreme Audit Institution that promotes value for money and good governance in public operations and contributes towards achieving the societal aspirations of Gross National Happiness.

OUR MISSION

RAA is an independent constitutional body which contributes to accountability, transparency and effective service delivery. In the service of Tsa-Wa-Sum (the King, Country and people), we audit without fear, favour or prejudice and provide timely, reliable and quality audit services to assist effective decision making in the public sector.



CORE VALUES

- INTEGRITY:** We are independent, honest and incorruptible in our conduct and remain impartial and trustworthy.
- ACCOUNTABILITY:** We are accountable for our own actions in a similar way we propound accountability in audited agencies.
- TRANSPARENCY:** We are transparent in all our dealings and actions, and promote the culture of openness and submit ourselves to scrutiny.
- PROFESSIONALISM:** We perform quality audit services through dedicated and competent workforce conforming to auditing standards and best practices.
- TEAMWORK:** We believe in team spirit and diversity to unleash our full potential in achieving our common goal through mutual respect, trust and support.

1.4 Organizational Structure

The RAA is structurally divided into three Departments and four Regional Offices. The regional offices ensure wider coverage of the audit services across the country. The Departments are headed by Deputy Auditor Generals. The Regional Offices, headed by Assistant Auditor Generals are located at Bumthang, Phuentsholing, Samdrup Jongkhar and Tsirang, and they report to the Department of Follow-Up and Regions. The Professional Development and Research Centre (PDRC) at Tsirang, headed by Program Director, serves as training wing of RAA for ensuring continuous professional development of auditors and to keep abreast with the developments in the field of auditing. An overview of the organizational structure of the RAA is presented in **Figure 1.1**:



Figure 1.1: Organogram of the RAA

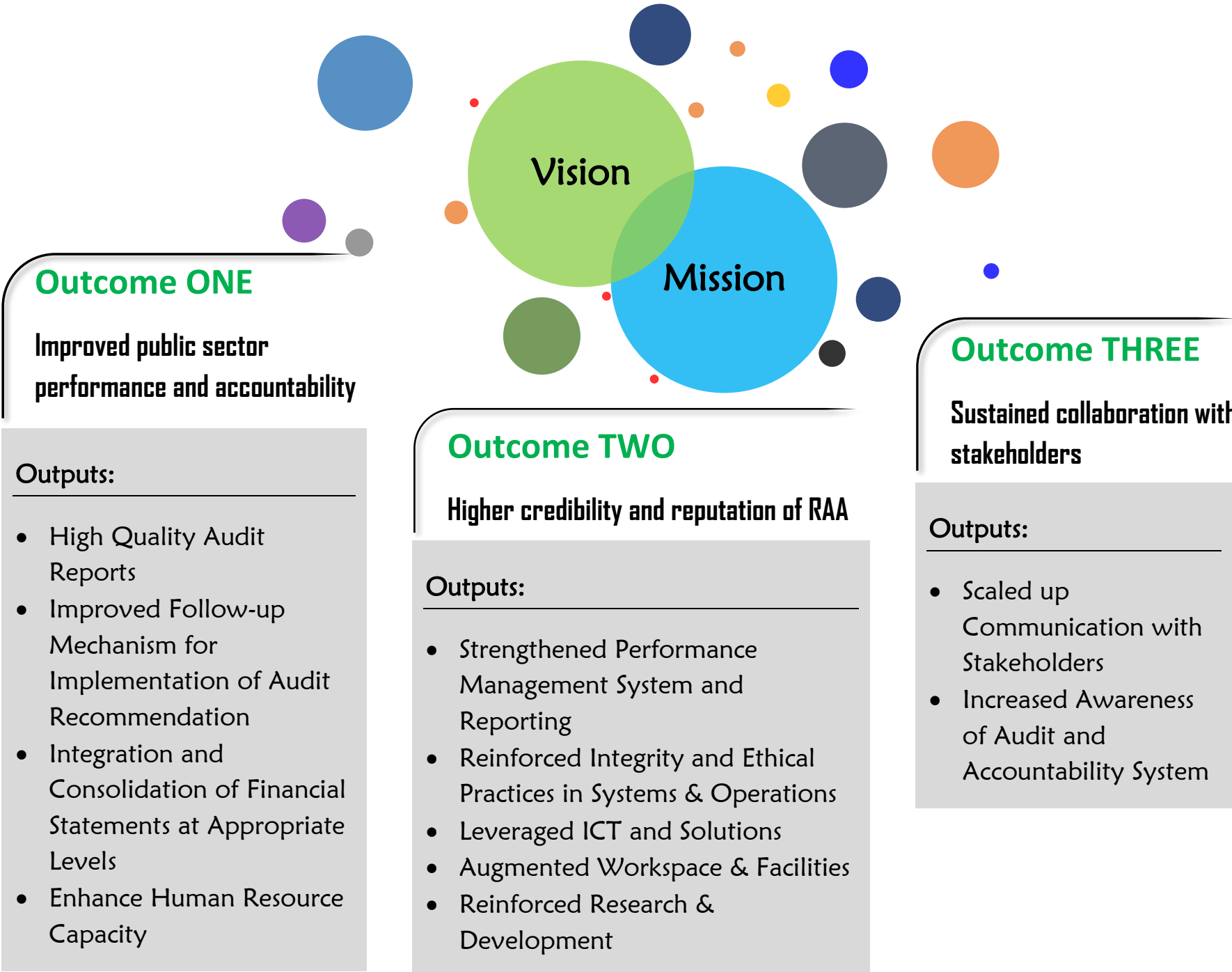
CHAPTER II

Performance Highlights

The five-year strategic plans, initiated since 2010, are prepared as an overall strategy to accomplish the mandates of RAA. As such the plan provides opportunity for RAA to consolidate its strengths to enhance effectiveness and efficiency of audit services to the nation.

The Strategic Plan 2020-2025 was formulated and launched in June 2021. The plan period is aligned to the term of the Third Auditor General appointed as per the Constitution of the Kingdom of Bhutan 2008. The plan is broadly aligned to INTOSAI P-12 on value and benefits of SAIs, and the 12th Five Year Plan (2018-2023) of the Royal Government of Bhutan. The plan is operationalized through annual Operational Plans (OP) that consists of prioritized annual activities with detailed specifications on target, resources and responsibilities. The results framework of the Strategic Plan 2020-2025 is as described in **Figure 1.2:**

Figure 1.2: Results Framework



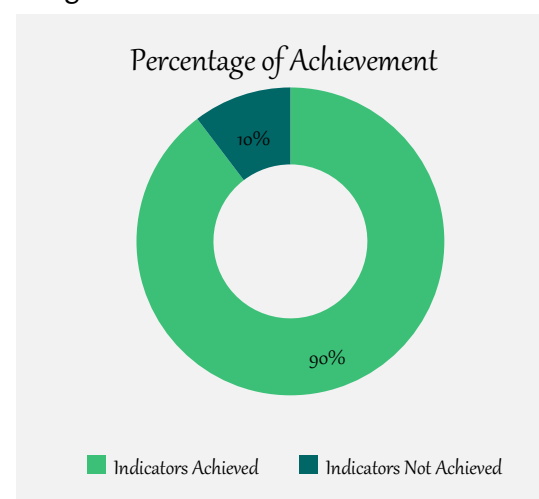
The Annual Performance Report 2022-23 covers overall achievements of the year, encapsulating important tasks and activities performed during the year. It is expected to serve as reference document for the overall performance report at the end of the strategic plan period.

The AAR 2021-22 covered audit reports issued during the last financial year thereby aligning with the period covered in the Annual Financial Statement (AFS) of the Royal Government of Bhutan (RGoB). The AAR 2021-22 is inclusive of all audit irregularities noted during the period.

To help determine achievement of the year based on annual OP 2022-23, we assessed the annual performance using a set of performance indicators adopted in the strategic plan.

Achievement against the performance indicators reflect the output or results of our efforts when measured against its annual target. As depicted in **Figure 1.3**, review of the performance indicators has shown that of the 29 total indicators, 26 indicators achieved its annual target while three are not achieved. It is reported that two of the indicators that has not achieved its annual target are under Output 1: High Quality Audit Reports and one under Output 2: Improved follow-up mechanism for implementation of audit recommendations.

Figure 1.3: Performance Achievement



The detailed report on the progress and achievement of key performance indicators are given in **Table 1.1** below:

Outcome 1: Improved Public Sector Performance and Accountability					
Output		Performance Indicators	Annual Target	Achievement	
1.High Quality Audit Reports	1	Financial Audit Coverage (%)	80%	95%	
	2	Compliance Audit Coverage (Nos.)	14	57	
	3	Performance Audit Coverage (Nos.)	6	8	
	4	Outsourced Audit Coverage (Nos.)	40	64	
	5	Percentage of audit reports completed during the year which are published within 3 months for FA and 6 months for CA and PA (within completion of field audit)	FA: >80%	99%	
	6		CA: 100%	100%	
	7		PA: 100%	63%	
	8	Number of audit reports selected for QA review	CA: 2	5	
	9		FA: 7	7	
	10		PA: 2	5 (IINA*)	
	11		OA: 3	1	
	12	Percentage of QA requirement/standards met (FA)	60%	60.17%	
2.Improved follow-up mechanism for implementation of audit recommendations	13	Follow up reports issued (%)	100%	102%	
	14	Follow up reports of AAR issued (Nos.)	1	1	
	15	Follow up reports of PA issued (%)	100%	135.29%	
	16	Follow up reports of CA issued (%)	100%	100%	
	17	Percentage implementation of audit recommendations (FA & CA)	40%	50%	
	18	Percentage implementation of audit recommendation (PA)	40%	41%	
	19	TAT in issuing audit clearance certificate	90%	80.86%	
3.Integration and consolidation of financial statements at appropriate levels	20	Consolidated audits conducted (Nos.)	>20	22	
4.Enhanced human resource capacity	21	Implementation of HR Strategy	Implemented	Yes	

Outcome 2: Higher credibility and reputation of RAA				
1.Strengthened performance management system and reporting	22	RAA's performance reporting to its Stakeholders including RAA performance vis-a-vis the SP's output and internal audit	Yes	Yes
2. Reinforced integrity and ethical practices in systems and operations	23	Implement Organizational Integrity Plan	Yes	Yes
3.Leveraged ICT and solutions	24	Implementation of AIMS	Implemented	Yes
4.Augmented workspace and facilities	25	Infrastructure developed	Completed construction of Office Building of OAG, Bumthang	Yes
	26	Install/establish VPN in Regional Offices: Tsirang and Samdrupjongkhar	Yes	Yes
5.Reinforced research and development	27	Conducting research and development works	Research carried out by all the audit teams.	98 research papers submitted by auditors
Outcome 3: Sustained collaboration with Stakeholders				
1.Scaled up communication with stakeholders	28	Continuous engagement with different stakeholders (as per communication plan)	Engagement with primary stakeholders	Achieved
2.Increased awareness of audit and accountability system	29	No. of awareness programme conducted for different stakeholders	1	1

*IINA: ISSAI Implementation Need Assessment

CHAPTER III

Delivery of Operational Plans 2022-23

The annual OP 2022-23 was implemented with effect from July 2022 and ended on June 2023. The plan consists of prioritised activities and sub-activities aligned to strategic plan's results framework along with defined timeline and responsibility delegations for effective implementation. It was intended to contribute towards achievement of strategic goals and objectives of the organization. The details of the progress are reported under 11 outputs as detailed hereunder.

During the Financial Year (FY) 2022-23, the RAA audited 457 agencies including both financial and compliance audits. There were also 77 Civil Society Organizations (CSOs) & Religious Organizations (ROs) which were outsourced to private auditing firms. Additionally, the statutory auditors empanelled by RAA audited 78 entities comprising government corporations and financial institutions.

RAA conducts three types of audits (Financial, Compliance and Performance audits). The financial audits are an independent examination of financial statements of the audited agencies and expresses auditor's opinion on whether the financial statements are prepared in all material respect in accordance with a financial reporting framework. Along with the opinions, RAA also reports cases of non-compliance or irregularities based on review of accounts and operations of the audited agencies. Compliance audit is comprehensive review as to whether the provisions of applicable authorities are being complied with or not in the use of public funds and resources. Performance audit is an independent examination of a programme, operation or management system and procedures to assess whether the entity is achieving economy, efficiency and effectiveness in the employment of public resources.

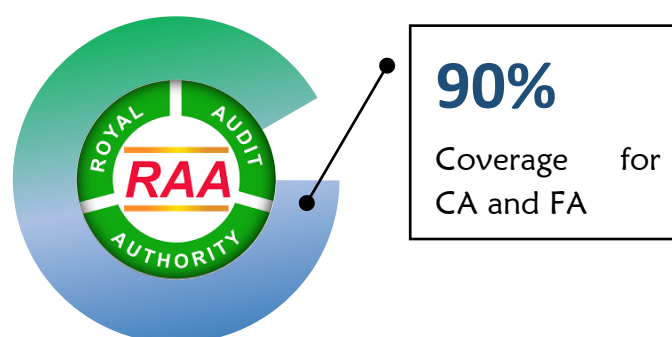
3.1 High Quality Audit Reports

The main results of the RAA's service are the audit reports through which it seeks to promote performance, accountability and transparency in the government and public sector. However, the achievement of results is not the end but the means to attain higher outcomes, which add value and benefits to the lives of citizens through creation of positive impact in the society.

Financial and Compliance Audit

During the FY 2022-23, RAA conducted 400 financial audits and 57 compliance audits. All the audit reports were issued (except the financial audit report of Thimphu Thromde.) In addition, RAA supervised and monitored 46 Statutory Audit (SA) of corporations and financial institutions and 64 Outsourced Audits (OA) of CSOs and ROs, which were audited by statutory audit firms.

Figure 1.4: Audit Coverage



The RAA strives to ensure maximum audit coverage for agencies entrusted with public resources and report thereon, in order to provide relevant audit observations and recommendations to improve overall functions and systems of the agencies. 457 agencies were audited out of 508 audit agencies representing audit coverage of 90% as shown in **Figure 1.4**. The percentage of audit reports issued within the period of three months from the completion of audit execution, accounted to 99.75% against the target of 80% for FA. Similarly, 100 % of the CA audit reports were issued within six months from the completion date of execution against the target of 100% while 63% of PA reports were issued within six months from the completion of execution. The Research and Quality Assurance Division (RQAD) conducted quality assurance (QA) review of seven financial audit reports. In the quest for credibility and reputation, the RAA has always considered quality report as the cornerstone of its performance. The percentage of QA requirement/standards met for the seven FA reports was 60.17% against the annual target of 60%. As for the auditing and reporting process, quality control measures are embedded in the process itself through the review at various levels namely audit team members, team leaders, supervisors, Executive Members, Technical Committee and Advisory Committee.

The RAA continued on conducting consolidated financial audits for RBP and Dzongkhag Administrations following its commencement in 2020-21, providing assurance on overall sectoral/functional and financial outcomes and contributing to improvement of overall public financial management. Likewise, the Divisions and Regional Offices have conducted 17 remote audits and 2 hybrid audits during the FY 2022-23. It has achieved high level of flexibility while maintaining the same level of quality of audits.

Performance Audits

During the FY 2022-23, the RAA issued five performance audit reports and two were submitted to His Majesty the Druk Gyalpo, the Prime Minister and the Parliament, in accordance with Article 25 (5) of the Constitution of the Kingdom of Bhutan and Section 72 of the Audit Act of Bhutan 2018. The reports were tabled in the Joint Sitting of the Parliament as follows:

- PA on Irrigation Systems: Eighth Session of the Third Parliament on 6th December 2022
- PA on Preparedness for Cybersecurity: Ninth Session of the Third Parliament on 6th July 2023.

The abstract of the reports is highlighted hereunder.

A. Performance Audit Report on Preparedness for Cybersecurity

The RAA conducted the audit on the “Preparedness of Cyber Security” with the objectives to ascertain the Government's efforts towards ensuring safe, secure, and resilient cyberspace in Bhutan. The sub-objectives identified for the audit are to determine the appropriateness of the cybersecurity program/system in the country and examine whether the Critical Information Infrastructure (CII) systems are identified and protected

The audit covered periods from 1st July 2016 to 30th December 2022 and included the Government Technology Agency (GovTech Agency) as the main agency with the review of available documents, analysis of data, and discussion with relevant officials of the Bhutan Computer Incident Response Team (BtCIRT) under the erstwhile Department of Information Technology and Telecom (DITT), Bhutan InfoComm and Media Authority (BICMA), Office of Attorney General (OAG), Royal Bhutan Police (RBP), erstwhile Bhutan Electricity Authority

(BEA), Royal Monetary Authority (RMA), Financial Institutions and Telecommunication Service Providers.

The RAA observed seven significant findings and provided six recommendations (two at the strategic level and four at the operational level) requiring appropriate policy interventions aimed at addressing the findings.

B. Performance Audit Report on Irrigation Systems

The RAA conducted performance audit on “Irrigation Systems” with the following objectives;

1. To ascertain whether a proper institutional framework is in place for efficient and effective planning and development of reliable irrigation systems;
2. To assess whether adequate irrigation facilities are provided; and
3. To assess the economy and efficiency in managing the irrigation facilities to ensure sustainability.

The report has been prepared based on the review of Acts, Regulations, Policies, Plans, analysis of secondary data, and discussion with relevant officials of the Department of Agriculture, Watershed Management Division, National Environment Commission Secretariat, Dzongkhag Agriculture and Gewog Extension Officials, Water Users Associations, and Tshogpas. The audit observed nine significant findings and provided eight recommendations aimed at addressing the findings.

Annual Audit Report 2021-22

In line with Article 25 (5) of the Constitution of the Kingdom of Bhutan and Section 111 of the Audit Act of Bhutan 2018, the RAA submits Annual Audit Report (AAR) to His Majesty the Druk Gyalpo, the Prime Minister and the Parliament. The AAR 2021-22 consists of the result of the audit of the AFS of the

Government and the overall financial condition and recommendations to improve economy, efficiency and effectiveness of the Government.

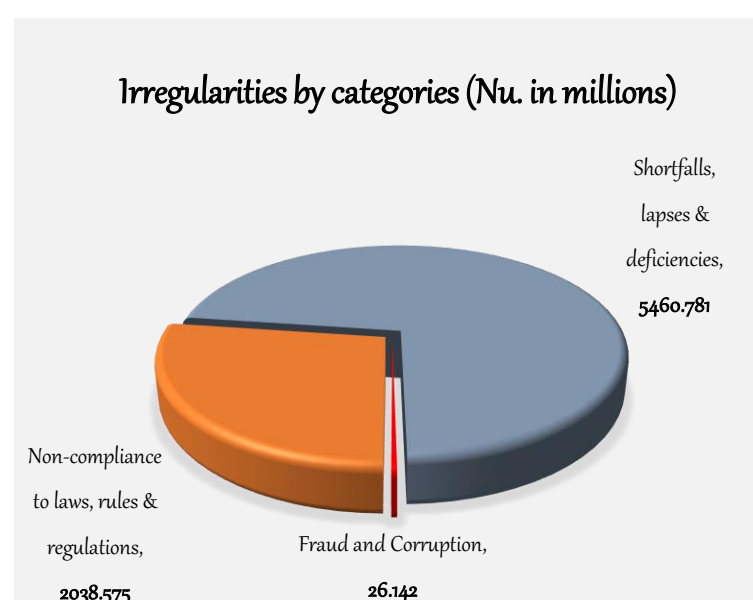
The AAR covers audit reports issued during the last financial year thereby aligning with the period covered in the AFS of the Royal Government of Bhutan.

The AAR 2021-22 was tabled during the Joint Sitting of the Eighth Session of the Third Parliament on 6th December 2022.

The AAR 2021-22 has been compiled from 327 audit reports and one performance audit report issued from 1st July 2021 to 30th June 2022. The summary and analysis are inclusive of all findings issued during the period.

The financial implication of the audit findings observed during the period amounted to Nu. 7,525.498 million of which Nu. 26.142 million was categorized under Fraud and Corruption, Nu. 2,038.575 million under Non-compliances and Nu. 5,460.781 million under Shortfalls and Lapses, representing 0.35%, 27.09% and 72.56% respectively as depicted in **Figure 1.5**.

Figure 1.5: Irregularities observed during the FY 2021-22



The AAR 2021-22 provided the following recommendations:

1. Effective Internal Control System must be enforced and implemented throughout agencies;
2. Ministry of Finance should address the risk of assigning all access right to a single user in implementing e-PEMS;
3. There is a need for greater integration of sectoral master plans with National Five-Year Plan through robust coordination;
4. Government should review the relevance of CSI Bank;
5. The Government should institute a robust credit appraisal system for Financial Service Providers; and
6. There is a need to have consistent rules and regulations to regulate entitlements besides enforcing strict implementation.

The AAR 2021-22 was deliberated in the Joint Sitting of the Ninth Session of the Third Parliament on 5th July 2023. All six recommendations in the AAR 2021-22 was accepted by The Parliament and in addition, three resolutions were passed as follows:

7. The Royal Audit Authority (RAA) to review and decide on the unresolved irregularities of AAR 2021-2022 with the concerned agencies and submit a status report to PAC by the end of March 2024;
8. The Government and Royal Civil Service Commission (RCSC) to review the situation and take necessary corrective measures to improve the quality-of-service delivery and to mitigate the effects of increasing attrition rate of civil servants; and
9. The RCSC to review the effectiveness and relevance of Rules for Administrative Disciplinary Actions (RADA) considering some of the emerging challenges faced during the implementation of RADA.



3.2 Improved Follow-up Mechanism

The primary objective of audit is to yield desirable impact in strengthening accountability, transparency and integrity in the public sector through the implementation of audit recommendations. To ensure compliance and effective implementation of the corrective actions by the audited agencies, an effective and efficient follow-up mechanism to hold individuals accountable is important as benefit of audit works rely not only on recommendations made, but also on effective implementation. Therefore, the RAA conducts follow-up on the implementation of audit observations and recommendations of the audit reports issued.

During the FY 2022-23, the RAA conducted follow-up on 1,102 audit reports (FA, CA & PA) issued in the past years. Likewise, 1,118 follow-up reports were issued: 969 (FA), 126 (CA), and 23 (PA).

Follow-up of audit observations and recommendations is a continuous process until the outstanding issues are resolved based on appropriate actions taken by the management or those charged with governance. The percentage of audit recommendations implemented for financial/compliance audits and performance audits is explained in part II of the report under Audit Impacts.

Review reports of AARs and Performance Audit Reports are prepared giving due consideration to the actions taken by the audited agencies and submitted to the Parliament either within the last week of March or September every year. Prior to preparation of the Review Reports, Follow-up and Legal Services Division (FLSD) and Follow up Sections of Regions remind all audited agencies seeking Action Taken Reports (ATR) and its status on the pending observations. Based on the receipt of responses from the audited agencies, the progress of outstanding observations is assessed, and a consolidated review report is submitted to the Parliament. Besides the biannual review, the reviewer assesses the progress on corrective actions as and when statuses are provided by the audited agencies.

During the FY 2022-23 the RAA issued review reports on Annual Audit Reports and submitted to the PAC as detailed in **Table 1.2**. Out of the total significant irregularities of Nu. 19,842.64 million reported in AARs, the irregularities aggregating to Nu. 13,835.55 million (69.73%) were resolved leaving a balance of Nu.6,007.09 million (30.27%) as on 31 March 2023.

Table 1.2: Details of Review Report of AARs

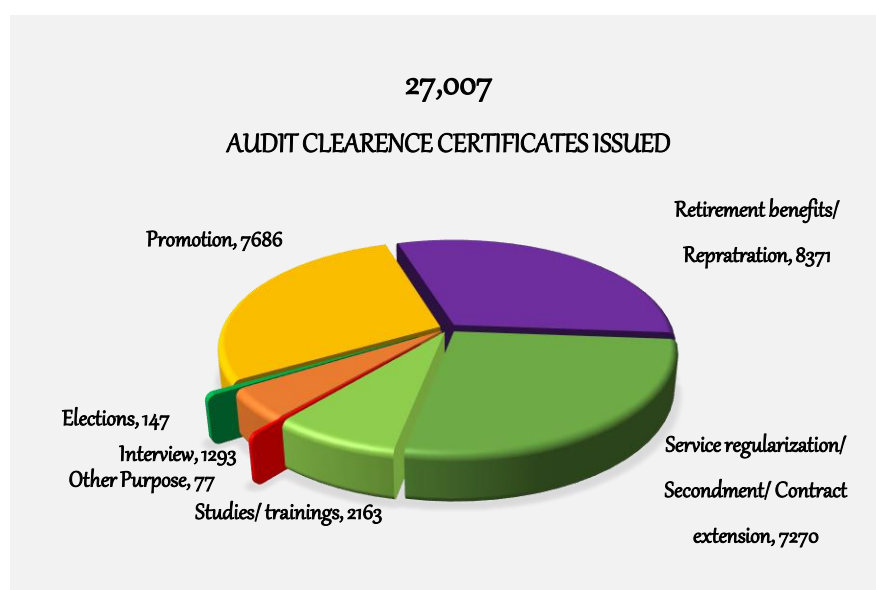
SL No.	Particulars	Significant irregularities reported in AARs (Nu. in million)	Unresolved irregularities reported last (as of 31/03/2022) (Nu. in million)	Irregularities resolved as on 31/03/2023 (Nu. in million)	Balance irregularities as on 31/03/2023 (Nu. in million)	Percentage of irregularities resolved as on 31/03/2023 (%)
1	AAR 2010	681.593	2.496	681.488	0.105	99.98
2	AAR 2011	770.141	189.378	770.141	0	100.00
3	AAR 2012	391.007	11.416	379.891	11.116	97.16
4	AAR 2013	261.464	3.996	257.875	3.589	98.63

5	AAR 2014	634.313	19.61	618.461	15.852	97.50
6	AAR 2015	523.744	82.944	469.95	53.794	89.73
7	AAR 2016	1,958.846	41.358	1,935.573	23.273	98.81
8	AAR 2017	4,309.764	54.433	4,256.137	53.627	98.76
9	AAR 2018	2,376.308	1,185.186	1,241.889	1,134.419	52.26
10	AAR 2019	1,795.777	1,120.189	259.431	1,536.346	14.45
11	AAR 2020	2,137.222	1,619.066	518.735	1,618.487	24.27
12	AAR 2020-21	4,002.46	2268	2,445.98	1,556.48	61.11
Total		19,842.64	6,589.07	13,835.55	6,007.09	77.72

Status of the Review Reports of AARs 2010-2020 and AAR 2020-21, submitted by RAA to the Public Accounts Committee (PAC) were deliberated in the joint sitting of the Ninth Session of the Third Parliament held from 5-6 July 2023, and approved the recommendations presented by PAC.

In addition, the RAA is responsible to issue audit clearance certificates to civil servants, public officials, contractors, consultants and individuals as may be required for the purpose of availing training, promotion, contract extension, retirement benefits, renewal of CDB registration certificates, and Elections. The direct and supervisory accountabilities for each observation is captured in the Audit Information Management System (AIMS) along with their citizenship identity numbers and the Audit Clearances for the accountable individuals are withheld till they resolve the issues

Figure 1.6: Audit Clearance Certificates Issued



As shown in **Figure 1.6** a total of 27,007 audit clearance certificates were issued within the set turn-around-time (TAT) of two-days. The RAA accomplished a TAT of 80.86%, slightly below the set target of 90%.

3.3 Integration and Consolidation Of Financial Statements at Appropriate Levels

Consolidated Audit is an audit approach to conduct audit of consolidated financial statements of an entity (parent agency) with multiple branches/divisions/units (component agencies) operating separate accounts at different locations, but under its direct or indirect administrative control.

The consolidated audit was introduced in the FY 2020-21 and the Guideline for Consolidated Audit was developed in June 2022.

The main objectives of the Consolidated Audit are as follows:

- To enhance efficiency of audit by adopting focused approach based on consolidation of branches/divisions/units (components) of audited agencies – rationalization of audit resources;
- To provide holistic view on the overall financial outcomes of the consolidated financial statements at the Central/Parent agency level; and
- To promote impactful audits by addressing the issues and recommendations to the Central/Parent agencies or authorities who have necessary powers and responsibilities to institute corrective actions.

During the FY 2022-23, the RAA conducted and issued consolidated audit reports of Dzongkhag Administration including Gewogs under its jurisdictions, Royal Bhutan Police including 13 divisions in Dzongkhags, and Bhutan Olympic Committee including 16 Sports Federation (LC account) as shown in **Figure 1.7**.

Figure 1.7: Consolidated Audits

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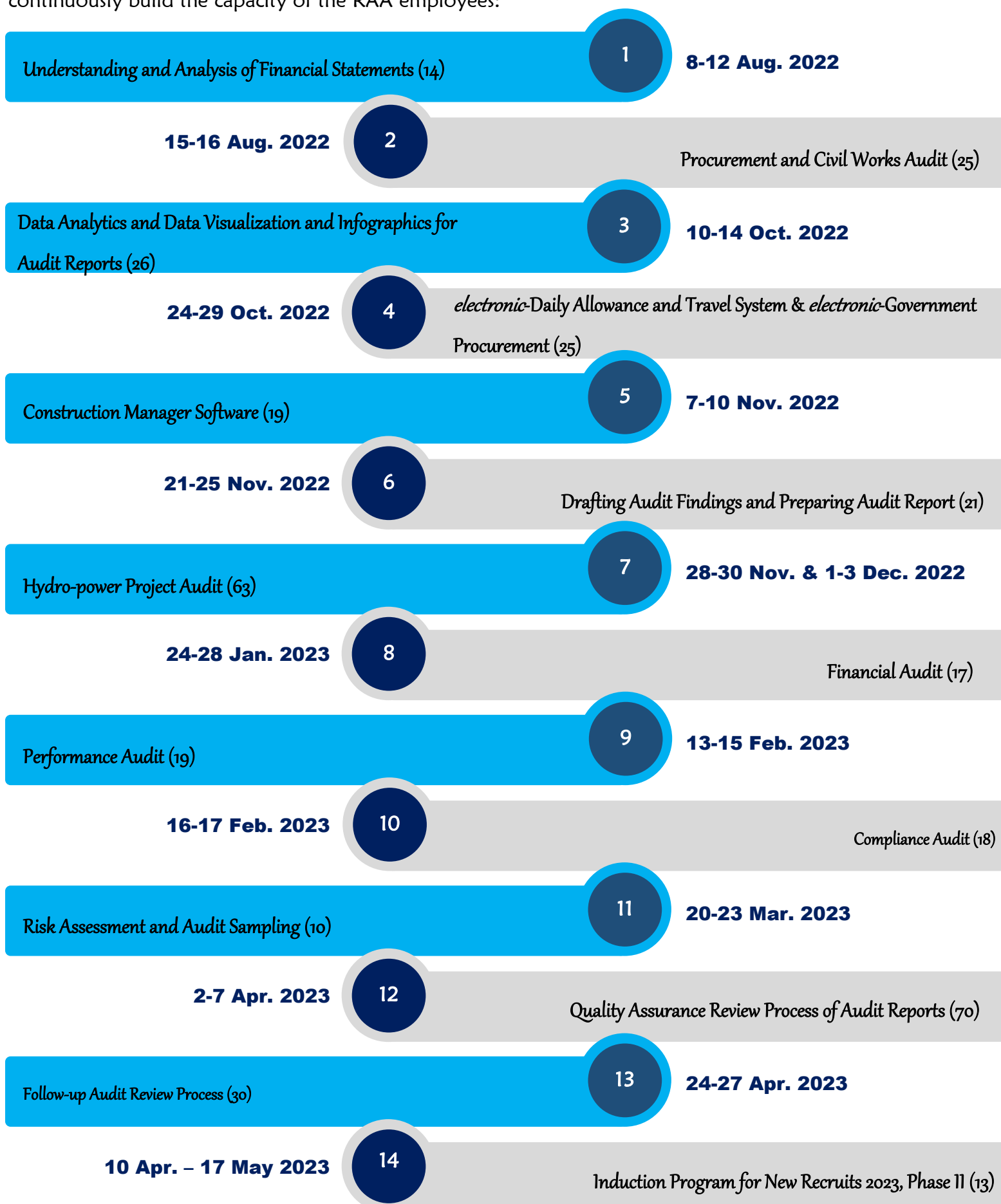
Consolidated Audit Conducted:

20 Dzongkhags +
Royal Bhutan Police +
Bhutan Olympics Committee



3.4 Enhanced HR Capacity

The RAA continued implementation of Human Resource (HR) Strategy 2022. The strategy was developed to serve as overall guide to HR development and management of RAA. During the FY 2022-23, following trainings were conducted in -house at the PDRC to continuously build the capacity of the RAA employees:



As auditors, it is utmost necessary to keep abreast of changes and improvement in the agencies, besides staying themselves aware and knowledgeable of all developments in auditing processes and techniques. Therefore, in line with the Continued Professional Development Policy (CPDP), the RAA has been imparting trainings and workshops on a continuous basis.

During the FY 2022-23, 13 employees were recruited, 40 employees were promoted (37 broadband and three meritorious) and a total of 11 employees availed long-term studies. A total of 26 employees were transferred (22 intra-transferred within the headquarter and regional offices and 4 lateral transfers.)

The RAA conducted two Induction Program for New Recruits (IPNR): IPNR I at Headquarter during the first week of January 2023 and IPNR II at the Professional Development & Research Centre (PDRC), Tsirang from 10th April to 18th May 2023. IPNR is an annual on-boarding programme aimed to build key competencies on public sector auditing.

After successful completion of the IPNR, the recruits completed a six-months Mentoring Programme with identified Team Leaders having vast practical experience and rich auditing knowledge. The programme was designed to transfer knowledge and skill as well as guide the new recruits on their journey to become full-fledged auditors.

The Year-end Planning and Coordination Meet 2022-23 was conducted from 27-28 April 2023 at PDRC, Tsirang. A total of 15 resolutions were adopted to ensure effective auditing in fulfilment of its mandates.



3.5 Strengthened Performance

Management System and Reporting

The RAA has instituted a system of strategic planning to demonstrate long-term intent in delivery of its mandates. The five-year Strategic Plans began since 2010, aligning its period to the terms of the Auditors General. The third Strategic Plan 2020-2025 was launched during the 17th Annual Audit Conference. The plan outlines strategic outcomes and outputs that RAA intend to achieve during the next five years and is aligned to the term of the current Auditor General.

To operationalize the Strategic Plan, the annual OPs are developed based on the implementation matrix and Performance Monitoring Framework of the Strategic Plan. For the third year of the Strategic Plan, the annual OP 2022-23 was implemented.

To take stock of the progress of implementation of planned activities, quarterly and mid-term review meetings and Year end Planning and Coordination Meetings are conducted. The forums provide platforms to discuss range of issues relating to core auditing works, plans and activities and other related matters, and effect revision of plans and programmes, if required. Issues relating to management and administration are also discussed in these forums.

Annual Performance Report 2021-22

During the FY 2022-23, the RAA released its second Annual Performance Report 2021-22 to ensure accountability and transparency of our own conducts. The report took stock of achievements against key indicators and targets of our annual OP 2021-22, which is one of the action plans of our Strategic Plan 2020-2025. The RAA was able to make substantial progress on strategic priorities and achieve most of the planned activities through multiple initiatives such as consolidated audits, use of technology in audits, and virtual platforms for meetings and trainings. The RAA was able to achieve 82% from a total of 28 success indicators.

Performance Management System

In our continued drive to deliver quality auditing and reporting services by objectively motivating our employees, RAA introduced and adopted the Performance Management Systems (PMS) during the FY 2021-22. The annual Performance Compacts 2022-23 was signed during the Year-end Planning and Coordination Meet 2022 held from 22-24th June 2022. During the meeting, the BEST audit reports for the 'Auditor General's Compliance Assurance Award' was awarded. Out of 9 audit reports shortlisted in the category of Financial Audit, the audit report of the Paro Forest Division, Department of Forest and Park Services, was adjudged as the best financial audit report. In the Performance audit category, the audit report on the Safe and Sustainable Road Transport System was adjudged as the best performance audit report. Furthermore, Kinley Zam, Deputy Chief Auditor was named the 'Auditor of the Year 2022-23.'

3.6 Reinforced Integrity and Ethical Practices in Systems and Operations

The RAA has put in place appropriate safeguards to ensure high standards of behaviour of the employees of RAA in course of their work and their relationship with the officials of the audited entities. The 'Code of Good Conduct, Ethics and Secrecy' outlines acceptable behaviours to be demonstrated by every employee. It contains 16 principles broadly similar to ones identified by the INTOSAI Code of Ethics. Any new employee joining RAA is administered oath and is expected to be bound by it throughout one's service in the RAA.

To manage and implement all activities related to ethics and integrity, the Organization Integrity Plan 2022-23 was developed and implemented successfully and RAA received a score of 90 % which is categorised as "Very Good" in the annual assessment by the Anti-Corruption Commission (ACC).

Cost Cutting Measures

The RAA continues to demonstrate a steadfast commitment to cost-cutting measures. Proactively implementing the initiatives such as carpooling, the RAA remains at the forefront on such measures. In response to the ongoing financial challenges posed by the aftermath of COVID-19, the RAA has reinforced its focus on cost controls, exemplified by an executive order "INTERNAL COST CUTTING MEASURES ON CONTROLLABLE EXPENSES" dated 23th July 2020, addressing various expenditures, including those related to travel and allowances. Embracing adaptability, the RAA has centralized services, encouraged digital communication, and optimized operations. As the economic landscape gradually recovers, the RAA's unwavering commitment persists, adopting stringent protocols such as remote audits and prudent expenditure.

Internal Control Systems

The RAA's primary responsibility of seeking accountability of the public officials and institutions further places moral obligations on the RAA to lead by demonstrating strong accountability. Like any other public institution, the RAA functions based on resources provided by the Parliament and thus, it is only imperative that RAA account for the use of public resources to the citizens.

Therefore, in line with the Audit Act of Bhutan 2018, the RAA's accounts are subjected to external audit appointed by the Parliament, demystifying the question, 'Who audits the audit?' The annual budget and expenditure for financial year 2022-2023 was audited by Dechok & Associates Pvt. Ltd. The external auditors issued unqualified (clean) Audit Report on the financial statements for the year ended 30 June 2023. The Auditor's Report along with the Receipts and Payment Statement were published in AAR 2022-23.

Further, the RAA also has a system of conducting regular internal audits of its headquarter and the four regional offices. The internal audit teams are appointed by the Audit Committee.

3.7 Leverage ICT Solutions

In this digital era, it is not only apt for our auditors to equip themselves with IT tools and techniques for auditing but also important for the RAA to embrace ICT for its own governance and administration. These are required to boost efficiency of our own operations and delivery of audit services. RAA's Information and Communication Technology (ICT) Strategy was implemented by the ICT Task Force during the year. The ICT Strategy complements the vision of how RAA will leverage ICT in auditing tasks by aligning it with the overall strategies and goals set out in RAA's Strategic Plan 2020-2025. It sets out various means of digitalization of many existing services to reduce bureaucratic procedures in the auditing profession. During the FY 2022-23, the RAA has developed Leave and Attendance System (Biometric) in the AIMS and is implemented since June 2023.

Further, in order to improve the AIMS to keep up with the changing needs, the following features were improved:

1. Enhancement of Audit Universe and Annual Audit Schedule
2. Restructuring of master Agency and Organogram
3. Development of Memo Recovery Module and User Acceptance Test for the user
4. Development of Audit Performance Management Module for rating the auditors
5. Development of Automation of Audit Documentation Module
6. Development of Outsourced Audit Module
7. Integration of AIMS with mBoB

Additional achievements which are not part of the development matrix include:

1. Upgraded the Wireless Access Points and replaced two switches in the head office to ensure uninterrupted network services.
2. Implemented a CCTV surveillance system at the head office.
3. Procured and reconfigured the head office firewall to guarantee both uninterrupted network services and enhanced cybersecurity.
4. Successfully secured government funding (MoF) to support the replacement of end-of-life ICT equipment within the RAA for the first time.
5. Installation of Windows OS for over 150 laptops and troubleshooting of the same.
6. Successful execution of the network configuration and setup in the Bumthang office.
7. Achieved successful installation and implementation of IP phones across both the RAA and regional offices.

The RAA focusses on providing adequate workspace and facilities to boost morale and drive individual performance. The construction of the Office of Assistant Auditor General, Bumthang was completed and was inaugurated on 5th February 2023. The RAA, through its Audit Staff Welfare Scheme (ASWS) also organized annual *rimdro* and social programmes for the good health and wellbeing of the employees. In addition, the ASWS, started since 2001, also provided physical support and financial assistance to the members in times of need.

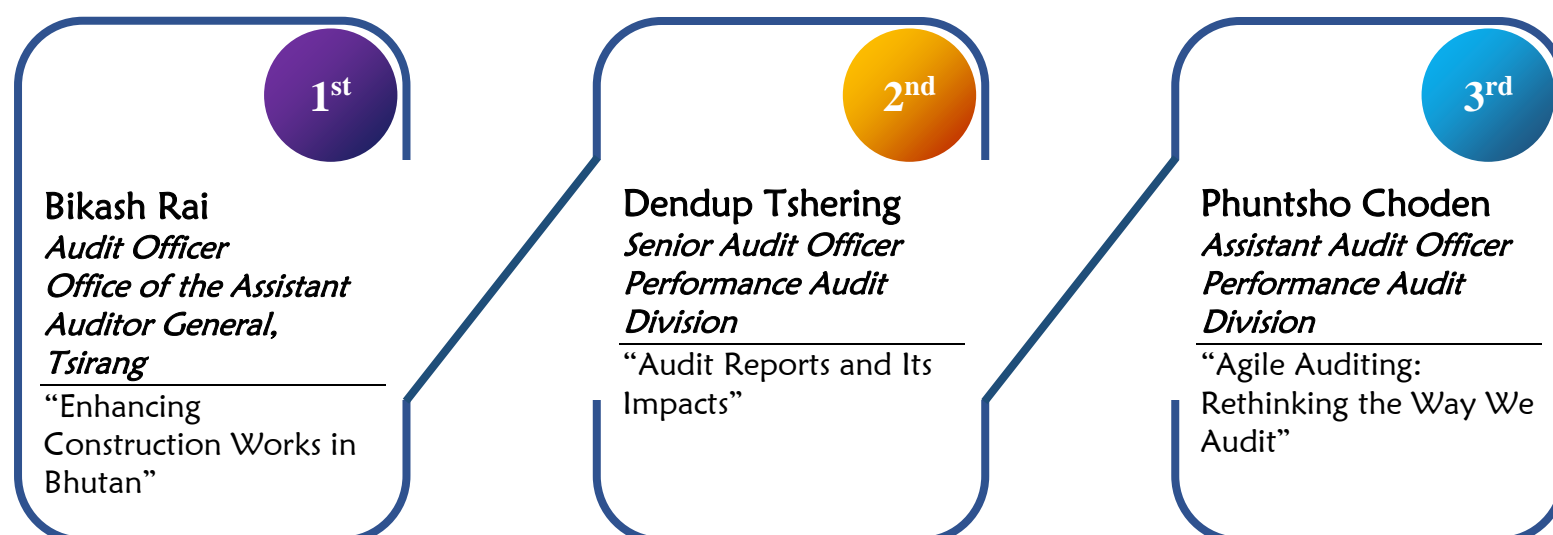
Further to ensure that the employees with small children have a quality childcare facility and make it easy for them to focus on their work during the working hours, a Creche facility was inaugurated in the head office on 19th March, 2023. This will help in retaining quality employees and also entice new comers.

3.8 Augmented Work-Space



3.9 Reinforced R&D

In an effort to enhance RAA's research and development practices and as part of the recognition system for auditors, the award for the Best Research Paper was introduced for the first time in the RAA in the FY 2021-22. For the FY 2022-23, 27 papers were shortlisted for final vetting from a total of 98 research papers submitted by auditors and the top three papers were recognized with prizes. A scoring of 10 points is allotted for the research papers in the Performance evaluation of auditors.



Client Satisfaction and Feedback Survey

The Support Services and International Relations Division conducted a survey to solicit feedback and suggestions from stakeholders for improving:

- Service delivery;
- Methodologies;
- Auditing and reporting; and
- Follow-up Audits;

The RAA received positive feedback across all the fields with more than half of the respondents satisfied with the services of the RAA. However, grievances were shared in terms of audit clearance services.

While the respondents shared satisfactions in terms of improvement of service delivery, enhancement of accountability and transparency among others as a result of audit services, they have also expressed the need of open dialogue platforms, respecting the rule of the place, improve follow-up services, consistency in audit observations, and provision of SMS reminders for those who have audit observations against their name.

The data was compiled from 561 responses received from Civil Service including the Local Government, State Owned Enterprises and Armed Forces.

Survey on Effective Audit Service

The Professional Development and Research Centre, Tsirang had also conducted a survey on Effective Audit Service with the following objectives:

- To understand the impact of professional development trainings for auditors
- To explore areas that need improvement in the auditors
- To assess the kind of trainings to be provided to the officials of RAA.

The RAA received favourable assessments across a range of criteria, including accountability, effectiveness, openness, professionalism, independence, and reliability. The organization garnered particularly high praise for its accountability, professionalism, and efficiency, underscoring its competence and dedication to conducting dependable audits while upholding ethical standards. Moreover, survey respondents expressed confidence in the RAA, highlighting its integrity and dependability. In summary, the RAA has built a robust reputation, although there is room for enhancing transparency to bolster public trust. These positive evaluations affirmed the RAA's effectiveness and credibility as an auditing body.

The findings also indicated areas for improvement, including the need to enhance auditor codes of conduct in interactions with various stakeholders, the importance of sufficient staffing and professional development for auditors, the necessity of recognizing compliance in addition to addressing failures and deficiencies, and the importance of clearly defining audit procedures and responsibilities, benefiting both auditors and officials within the audited agencies.

3.10 Scaled-up Communication With Stakeholders

The Stakeholder Engagement Strategy 2018-2023 has identified primary stakeholders besides the audited entities, and strategies on how to effectively engage with its stakeholders. The RAA realises that sustained relationships with stakeholders is vital for ensuring desired impacts of our work and drawing synergy for the common goal of promoting good governance. This refers to collaborative mechanisms with our primary stakeholders, peer and professional organizations both within and outside the country, and media for dissemination of audit results and others who have interest, influence, or are influenced by RAA's work.

The Parliament

The Parliament is a strategic partner that supports implementation of audit recommendations, which are reported through the PAC. In line with the Article 25 (5) of the Constitution of the Kingdom of Bhutan and Section 111 of the Audit Act of Bhutan 2018, the RAA submits AAR, Performance Audit reports and any other reports to the Parliament through the PAC.

During the FY 2022-23, the RAA submitted AAR 2021-22 and two Performance Audit Report to the Parliament for tabling in the joint session: AAR 2021-22 and PA on Irrigation Systems in the Eighth session of the Third Parliament on 6th December, 2022 and PA on Preparedness for Cyber Security during the Ninth Session of the Third Parliament on 6th July, 2023. RAA also made presentation on the PA Report on Irrigation Systems and Preparedness for Cyber Security to the Hon'ble Members of Parliament on 20th July, 2023.

The programme was organised to better understand the audit findings and recommendation and to ensure fruitful deliberation in the next session of the Parliament.

The PAC has been instrumental in leading discussions and deliberations of audit reports in the Parliament. The Committee as mandated also review and report on the AARs or on any other reports presented by

the Auditor General to the Parliament for its consideration. Working relationship between PAC and RAA is as per the Rules of Procedures (RoP) of the Public Accounts Committee 2017.

The Bilateral Meeting between the PAC and Royal Audit Authority was held on 24th May 2023 at the Lhen-Zom Khangzang with the primary objective of enhancing collaboration and coordination towards fulfilment of Constitutional responsibilities. As mandated by the Rules of Procedures of Public Accounts Committee 2017 and as resolved in the 8th Session of the Third Parliament, tripartite consultation meetings with stakeholders on the AAR 2021-22 was conducted from 13th April 2023 to 11th May 2023 in Thimphu and other Dzongkhags.

Anti-Corruption Commission

The 10th Working Committee Meeting between ACC and RAA was convened on 28th November 2022 at the RAA conference hall. The meeting deliberated on the implementation status of the decisions taken during the 9th Working Committee Meeting, besides the year-wise review of the cases shared by both the institutions to be acted upon as per the respective mandates. Further, the meeting also discussed on facilitating audit clearances for those individuals whose cases were forwarded to the ACC. Since the cases remained open for so long due to the need to undergo various procedures and proceedings, the

audit clearance as well remained pending for quite long. In this regard, the two sides worked on strategies to facilitate audit clearances, wherever possible.

Furthermore, the meeting also discussed in strengthening common understanding of corruption offences vis-à-vis the nomenclature used in describing audit observations.

Both the institutions felt the need to reinforce the collaborative mechanism to strengthen the common cause of promoting a corrupt-free society and reassured to work with the same spirit to make the institutions more relevant and responsive to play their respective roles in the society.

The 11th Working Committee Meeting held on 31st May 2023 deliberated on the implementation status of the decisions taken during the 9th and 10th Working Committee Meeting, besides the year-wise review of the cases shared by both the institutions to be acted upon as per respective mandates.

Amongst other, the meeting discussed on the status of mainstreaming case sharing platforms and decided to do a demonstration of the system before the next Bilateral Meeting. The meeting also discussed on the status on issues of fixing accountability, uniform implementation of Annual Performance Agreement (APA) in the Constitutional Offices and creating Application Programming Interface (API) for withholding audit clearance if a person fails to declare assets.

Ministry of Finance

As a strategic partner of RAA in strengthening accountability and transparency in public finance management, consultation meetings and discussion with the Ministry of Finance (MoF) are conducted as and when required. A consultative meeting between the MoF and the RAA was convened on 19th August 2022 at the RAA conference hall. The delegation led

by the Hon'ble Secretary of the MoF discussed various agenda items related to the harmonization of the Public Finance Act (PFA) 2007 with the Audit (Amendment) Act of Bhutan 2018, incorporation of comments from the RAA on the Finance and Accounting Manual 2016 (FAM) Revision, and an update on travel expenditure, among others. Key discussions included unresolved irregularities and the role of the Finance Audit Committee, which was agreed to remain the same in exceptional cases requiring MoF involvement. The misuse of the closed works clause and increased deposits was also discussed. Other topics included clustering of finance services under the RAA, past audit observations, reconciliation of refundable deposits, and direct remittance of audit recoveries.

Tripartite Meeting

On the initiative of the RAA, the first ever tripartite meeting between the ACC, the Office of the Attorney General (OAG) and the RAA was held from 9-10th March 2023 at the PDRC, Tsirang. The meeting was aimed at enhancing mutual cooperation and coordination among the three institutions and to resolve the issues of common interest through effective communication. Presentations on approaches, strategies and way forward to fighting corruptions were made by three agencies and suggested way forward to resolve pertinent issues were discussed. The meeting covered topics of common issues ranging from case referral to the ACC, the OAG, media engagement between the ACC and the OAG, follow-up on mainstreaming case sharing platforms, rapid action on discovery of fraud and corruption during auditing, issues of audit clearances for audit observations referred to the ACC, missing person wanted for investigation and prosecution and judgement enforcement cases involving deceased persons. During the meeting, case specific strategies were also proposed and the three institutions agreed

on meeting at least once a year or as and when required.

Media

The RAA recognizes the media as one of the important external stakeholders in reaching out to the society and informing the public about our role, work and results, as well as enhancing accountability in the public sector. The RAA has been engaging media (both print and broadcast) for press conferences during the issue of major reports like our AAR, performance audit reports and other reports. Press releases are also shared with the media and uploaded on the RAA's website. It has potential to bring positive changes in the society through unbiased and independent reporting and sensitizing issues of public concern in the audit reports, thereby increasing public trust and confidence in the works of RAA.

The AAR 2021-22 and three Performance Audit Reports were published on RAA website and social media accounts (Facebook & Twitter) for wider publicity.

The Print media covered many news on various topics during the FY 2022-23 as shown in **Table 1.3:**

Table 1.3: Print media coverage of RAA news, FY 2022-23		
Sl. No.	Topics	Media House
1	Transport Policy has become obsolete says RAA	Kuensel
2	52.8 percent farm roads constructed without complying to standards: RAA	Kuensel
3	Highest irregularities observed in PHPA-1: AAR 2020-21	Bhutan Times
4	RAA says drivers not assessed properly before getting driving licenses	The Bhutanese
5	Audit report points to issues with City Buses	The Bhutanese
6	RAA asks operations of all Karaoke and Live music outlets to be suspended	The Bhutanese
7	RAA finds Nu 8 Mn embezzled from Thimphu Thromde's revenue and fines account	The Bhutanese
8	RAA observes irregularities of Nu 7.5 B	Kuensel
9	RAA says Govt. should re-assess CSI Bank	Kuensel
10	Audit finds lack of institutional coordination cost irrigation development	Kuensel
11	Heads of agencies accountable for irregularities	Kuensel
12	HR shortage has caused lapses and irregularities: PAC	Kuensel

Audit Advocacy

3.11 Increased Awareness Of Audit and Accountability System

RAA conducted audit advocacy and awareness programmes to promote awareness among the RAA's stakeholders on accountability framework in the overall governance system and sensitize on common audit issues. Through such awareness and advocacy programmes, the RAA aims to instil sense of accountability and transparency in the minds of those vested with the responsibility of governance and uphold the importance of values of integrity and ethical conduct of every individual in the positions of responsibility.

During the FY 2022-23, RAA has launched an advocacy video on its mandates, roles and responsibilities to reach a wider audience and ensure that the general public get a clearer picture of the RAA. Furthermore, the RAA has been continuously assisting colleges under Royal University of Bhutan in creating awareness in the society via tertiary education centres. Besides conducting audits of the student bodies of their respective colleges, some of them have gone extra mile to come up with smaller projects to create awareness in the society through different means.

The Auditor General conducted Audit Advocacy programme for the leaders of the local government: 20 Dzongdas and four Thompons at Capital, Thimphu on 12th May 2023. The Auditor General made presentation covering the Mandate, Origin, RAA's Oversight Audit Model, Audit Process, Audit Jurisdiction, Fraud Triangle, Who Audits Audit and most Common Audit Findings in Local Government Audits.

The RAA aims to continue such advocacy programmes in the coming year and intends to cover all dzongkhags, thromdes and other agencies.

Club Activities:

Integrity Club, Jigme Namgyel Engineering College

The Integrity Club established with support from the Royal Audit Authority, focused on promoting integrity, transparency, and accountability among its members. They conducted diverse activities such as awareness programs on college representative elections and auditing processes. The various clubs in the college also improved keeping proper documentation for audits, which are carried out by the Integrity Club,

Integrity Club, Samtse College of Education

During autumn 2022, Samtse College of Education's Integrity Club audited financial activities of clubs and developed a "Understanding Integrity" video for awareness. They also conducted talks on integrity and facilitated knowledge exchange. The plans for spring 2023 included continued awareness initiatives, enhancing transparency, sharing best practices, school visits, and collaboration with the Royal Audit Authority and Anti-Corruption Commission.

Supreme Audit Institutions and Professional Bodies

The RAA continuously engage with international and regional bodies for purpose of capacity development and experience sharing. The RAA is a member of INTOSAI and ASOSAI. During the FY 2022-23, the following activities were undertaken under such collaborations;

1. Resource persons to INTOSAI, ASOFSAI and IDI Capacity Development Programme & Audits

A total of five RAA officials participated as resource persons in the following INTOSAI, ASOSAI and IDI Capacity Development Programmes:

- Training on Performance Audit for Auditors of SAI Nepal;
- Audit Report Review Meeting, Tunisia;
- IDI's TOGETHER Initiative;
- ASOSAI-CDP 2022-2023 "Audit Infectious Disease Prevention Programs in past COVID-19 situation";

2. INTOSAI/ASOSAI Working Groups

During the FY 2022-23, the RAA attended several webinars and workshops towards professional development as listed in **Table 1.4**.

Table 1.4: Summary of trainings/workshops attended (Virtual)		
Sl. No.	Name of Programme	Date
1	Online Training on Performance Audit conducted by iCISA	27 June – 11 July 2023
2	Training on IFRS, Sri Lanka	12-20 June 2023
3	Training on IPSAS, Sri Lanka	12-15 June 2023
4	2 nd Webinar on Fostering a Green Economy & Disaster Preparedness	18 May 2023
5	Global cooperative audit on Climate Change Adaptation Action (CCAA)	April 2023 – June 2024
6	IDI Governing Board Meeting	29-30 March 2023
7	TOGETHER Initiative, IDI	27-31 March 2023
8	First Regional Workshop on "Sustainable Performance Audit Practices in Asia and the Pacific"	6-10 March 2023
9	Training on Auditing in IT Environment, ITEC, Noida	13 February- 10 March 2023
10	Training on Audit of e-Governance, ITEC, Noida	9 January- 3 February 2023
11	INTOSAI WGITA – Webinar on IT Audit Topics: Audit of Direct Benefit Transfer (DBT) System	15 December 2022

12	Global Summit on 'What is the audit impact of Supreme Audit Institutions?' IDI	30 th November 2022
13	Training on Performance Audit, iCISA, Noida	14 November – 9 December 2022
14	Audit Report Review Meeting, Tunisia	15-17 November 2022
15	XXIV INCOSAI	7-11 November 2022
16	IDI Workshop on "Facilitating Audit Impact" for ASOSAI	17-19 October 2022
17	IDI-ASOSAI Workshop on "Strategy, Performance Measurement and Reporting" (SPMR) Implementation	12-16 September 2022
18	Training on IT Audit (Online), MTCP	12-15 September 2022
19	INTOSAI WGITA – Webinar on IT Audit Topics: Ransomware	30 August 2022
20	6th INTOSAI WGBD Annual Meeting 2022	25 July 2022
21	The Impact of Climate Change on Sovereign Risk	12 July 2022
22	XXI INTOSAI WGEA Assembly	4-6 July 2022

PART TWO

Audit Impacts



Introduction

Aligned with INTOSAI P-12, the RAA is dedicated to delivering value and benefits to our citizens through rigorous auditing and reporting efforts. A key strategic goal in our 2020-25 Plan is "*Improved public sector accountability and performance*," emphasising our commitment to timely, high-quality audit reports essential for guiding public-sector decisions.

To achieve this ambitious goal, we recognise that success depends not only on our internal capabilities but also on the collaborative support from our diverse stakeholders, including the audited entities. The RAA endeavours to engage the entire ecosystem through various strategies to draw meaningful conclusions in our reports and facilitate positive audit impacts.

Our impact is not only financial recoveries but also encompasses a broad spectrum of achievements, including positive policy shifts, substantial cost savings, operational improvements, internal control effectiveness, and deterrence against unethical practices through appropriate sanctions. The positive effects of our work are represented in **Figure 2.1**.

Our commitment is not just to balance the books

While the full long-term impact will become apparent over time, we have already made significant strides in experiencing immediate positive effects, such as government cost savings and promoting accountability and ethics in the public sector.

This section highlights tangible outcomes achieved in the FY 2022-2023, demonstrating our commitment to transparency, accountability, and governance excellence. These audit impacts exemplify our commitment to be a catalyst in creating a better environment for our citizens, one audit at a time.

Figure 2.1: Positive effects of our work



Audit Recommendations

The RAA actively strives for positive transformation through our audit recommendations. These recommendations serve as a vital gauge for evaluating the impact and contribution of our audits.

Recommendations of the AAR 2021-2022 endorsed for implementation

During the 9th Joint Sitting of the Third Parliament, a unanimous decision was reached to give the green light to 100% of our audit recommendations presented in the Annual Audit Report 2021-2022 by voting “YES” to all our recommendations. All six were unreservedly embraced for implementation, marking a resounding triumph for accountability.

This collaborative effort of the Public Accounts Committee to champion our audit recommendations has been nothing short of remarkable. The Parliament united their efforts to acknowledge and accept the recommendations, which could result in tangible positive changes.

Recommendations implemented

The recommendations in the financial and compliance audits are almost always accepted, with a significant portion being effectively implemented within one month. Particularly, a notable 50% of financial and compliance audit recommendations were implemented for FY 2022-2023.

As for performance audit recommendations, 41% have been translated into action, demonstrating the commitment of the audited agencies towards effecting positive transformation.

As we delve into the transformative effects of our recommendations on audit impact in the following sections, it becomes evident that these recommendations have significantly shaped and improved various governance and service delivery aspects.

Figure 2.2: Recommendations Status in FY 2022-2023



Audit Impacts through Our Audits and Role

The RAA's core mission is to drive positive change through our audits and role. Acting on financial audit findings ensures accurate financial statements, boosting credibility and public trust. Similarly, actions on compliance audits promote transparency and accountability, enhancing greater compliance with laws. Consequently, we play a key role in enhancing the Public Financial Management (PFM) System, upholding public accountability and transparency while enhancing public confidence and trust in the government.

Performance audits are a cornerstone of our mission, offering insights into efficiency and effectiveness. Implementing recommendations improves service delivery and governance, streamlining operations and resource use. These audits foster policy coherence, robust data systems, and inclusive stakeholder engagement. Thus, through our insights, we play a vital role in improving public sector performance.

Hence, we categorise our impacts as:

- ✦ Financial: Direct improvements to the PFM System leading to improved public sector accountability.
- ✦ Wider: Enhancements in efficiency, effectiveness, and transparency in public sector performance.

In summary, RAA's audits empower decision-makers, promote accountability, and contribute to better governance and service delivery for all.



400

Accounts audited

At the heart of the RAA’s mission is to drive positive change through our role in enhancing the Public Financial Management System

Wider impact

Enhancing Public Confidence & Trust in Government

The RAA plays a pivotal role in certifying the financial statements of audited entities, ensuring their accuracy. We have certified 406 financial statements in the past FY 2022-2023. This vital function not only elevates the quality and credibility of the financial information provided but also ensures accountability, transparency, and integrity in financial reporting.

Accountability ensures that those in power are answerable for their actions, transparency fosters openness and access to information, and integrity upholds ethical standards. Together, these principles create a strong foundation for good governance and strengthen public confidence and trust in public financial management.

Our rigorous certification process instils confidence and trust in the financial statements of audited entities. When citizens have confidence in the government's financial management and operations, they are more likely to engage in the democratic process, support their leaders, and actively participate in shaping the future of their country.

Therefore, this public confidence and trust lead to a stable and thriving democracy.

Financial impact

Rationalisation of Recurrent Expenditure

The Ministry of Finance took proactive steps to promote fiscal discipline through the rationalisation of recurrent expenditure. This initiative was formalised with the issuance of the Budget Call Notification 2022-23, dated 4th July 2022. Under this directive, all budgetary bodies were tasked with prioritising and rationalising current expenditures to contain expenses within the approved budget.

This issue was reflected in the Auditor General Report on AFS 2020-21 and the RAA's recommendation in the AAR 2020-2021 underscored the need for the Government to exercise caution in regulating its current expenditure, sustaining the internal revenue growth, and exercising prudence in debt management.

Financial impact

Clustering of Finance Services: Resource Consolidation

An initiative introduced in April 2021, the clustering finance services initiative has significantly enhanced fiscal discipline. This innovative approach has ushered in rigorous agency checks and controls, establishing a robust internal control system.

Through the actions taken on our recommendation, we have strengthened the financial fabric of our nation, fostering greater efficiency in resource consolidation and sound financial practices.

Finance Cluster



Financial impact

Improvement in Capital Budget Variances

Over the past three Financial Years (2018-21), we observed a persistent trend of under-absorption of the allocated budgets, particularly in the capital budget. This under-utilization reached a striking 32.56% in FY 2020-21, marking a substantial increase from 15.42% compared to FY 2018-19.

However, there has been a remarkable turnaround since FY 2020-21, with budget absorption improving and reducing the variance to 22.38% in FY 2022-23. This signifies a significant shift towards more realistic budget forecasting and planning, underpinned by sound financial management practices. The budget release versus actual expenditure variance has also witnessed substantial improvement, narrowing down to a mere 1.48% in FY 22-23. These figures reflect the positive impact of prudent budgeting and execution.

The variance of capital budget and expenditure over three consecutive years is presented in the Table 2.1 below:

Nu.in million

FY Year	Revised capital Budget	Actual Capital Release	Actual capital Expenditure	% Budget variance	% Release variance
2022-23	43,361.46	34,161.41	33,655.74	22.38%	1.48%
2021-22	47,416.70	38,675.10	34,791.46	26.63%	10.04%
2020-21	40,890.79	34,161.41	27,576.03	32.56%	19.28%

Through the effective implementation of audit recommendations on the financial management system and the initiation of cost-cutting measures by the MoF, we have witnessed increased cost-effectiveness, greater compliance with financial policies, and ultimately, positive effects on financial performance and reporting. This transformation signifies our dedication to sound fiscal practices and responsible financial management.

¹ The RAA administered a survey on Client Satisfaction and Feedback which includes a section on audit impact. It was distributed to all our audited agencies, resulting in 561 responses.



85.2%

Agree that our work led to improved financial management system

RAA’s meticulous audits bring about substantial cost-savings to the Government through cash and other forms of restitution



Financial impact

Cash Recoveries

Over the past fiscal year, our audits uncovered financial irregularities and misappropriation, resulting in the successful recovery of Nu. 202 million through cash restitution.

These recoveries attest to the effectiveness of our audit processes in uncovering and addressing financial irregularities. It highlights our dedication to upholding financial integrity, and holding individuals responsible for financial misconduct.

We meticulously ensure that allocated funds correspond with tangible construction progress.

Financial impact

Other Forms of Restitution

Besides the direct cash recoveries, our audit efforts resulted in significant restitutions, encompassing the following forms of restitution.

a) Works Completed: *Ensuring functionality*

Each fiscal year witnesses a substantial allocation of resources dedicated to infrastructure development. We ensure that the funds allocated to contractors correspond to the tangible progress of construction projects. Incomplete projects not only compromise the functionality of procured structures but also result in wasteful expenditures.

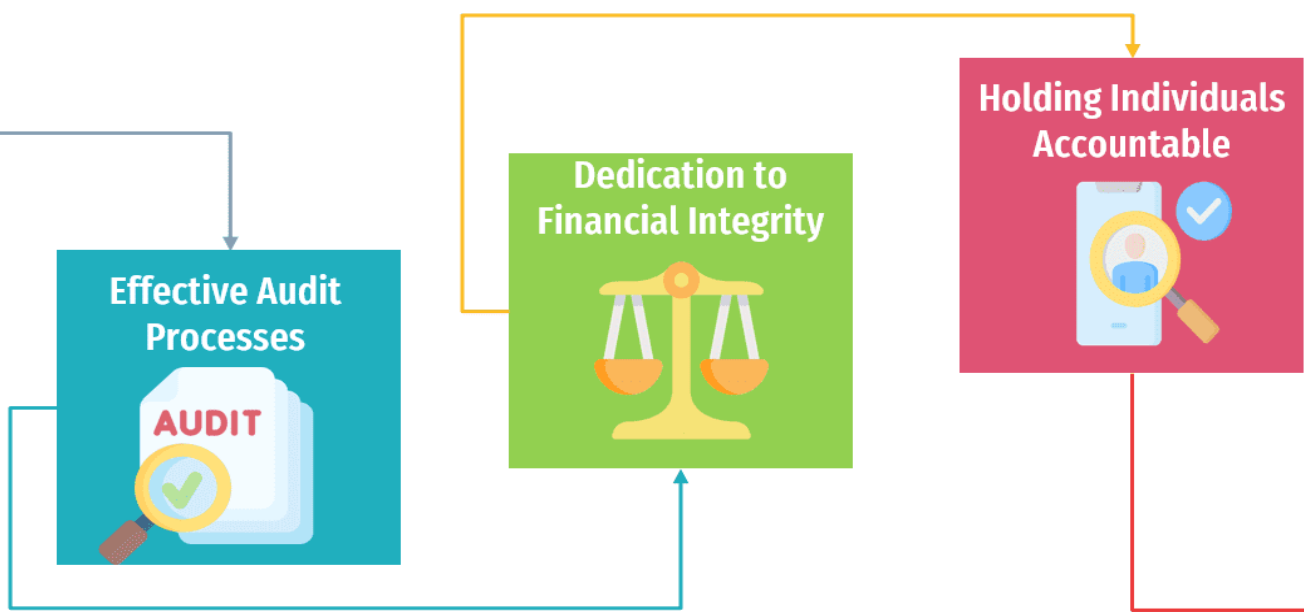
During the FY 2022-23, we encountered 24 projects across 18 agencies that remained incomplete. Our audit efforts did not stop at issuing the audit observations; we actively followed up to ensure the completion of 23 unfinished projects within the agencies as shown in Figure 2.3, infusing vitality into these critical initiatives.

Figure 2.3: 23 works completed out of 24 Incomplete construction works and the progress of action taken by audited agencies



In doing so, we safeguarded the efficient use of resources, ensuring that every allocated Ngultrum is translated into tangible progress.

Upholding Financial Integrity



Evolving from cash recovery to prioritizing construction quality, we compel agencies to ensure the expected infrastructure standards, safeguarding government expenditure value

We have transformed our approach to holding officials and suppliers accountable, successfully replacing deficient goods to enhance government operations and curb wasteful expenditure.

Financial impact

Other Forms of Restitution

c) Goods Replaced: *Ensuring accountability for defective and missing supplies*

Over the years, we have observed cases where supplies either arrived with defective goods or were not delivered as specified, or sometimes not delivered at all. Such occurrences can have far-reaching consequences, impacting the effectiveness and efficiency of government operations and leading to wasteful government expenditure.

Recognising the gravity of this issue, we have revised our approach to ensure accountability for both the officials responsible and the suppliers involved, with the ultimate aim of replacing these deficient goods.

Our audit endeavours resulted in the replacement of defective goods and items that did not meet the specified requirements. Across 13 audited agencies, we held both the suppliers and responsible officials accountable, resulting in the successful replacement of goods.

Financial impact

Other Forms of Restitution

b) Works Rectified: *Ensuring quality and sustainability in construction projects*

The RAA not only verifies project completion but also ensures that they are delivered with the quality and specification sought. This commitment to quality assurance is paramount in safeguarding the long-term sustainability and effectiveness of infrastructure investments, meeting the needs of both current and future generations commensurate with the investment made.

One recurring issue identified by our teams pertains to substandard work and goods delivery due to inadequate monitoring and verification processes within audited agencies. Despite our policy directives emphasizing the importance of quality control and rectification of compromised quality, instances of defective deliveries persist, hindering the government's pursuit of value-for-money procurement.

Over the year, we uncovered 79 cases requiring rectification across 35 audited agencies. Among these, 78 cases have already undergone rectification. Figure 2.4 portrays the details of rectification.

Figure 2.4: 78 works rectified out of 79 construction works and the progress of action taken by audited agencies



By ensuring the rectification, the RAA strives to ensure that the quality of public infrastructure remains uncompromised,

Wider impact

Compliance Assured

We place a strong emphasis on ensuring compliance with regulations. Remarkably, nearly 100% of the agencies we audit have committed to future compliance following the identification of lapses in our audits. This illustrates not only their willingness to rectify past errors but also their dedication to preventing similar lapses in the future.

This demonstrates the mutual commitment of the agencies and the RAA to upholding regulations and fostering a culture of accountability.



90.2%
Agree that
our work led
to improved
compliance
with rules



271

Officials
faced
administrative
actions

RAA champions the cause of public accountability

Wider impact

Deterrence to Violations of Ethical and Professional Conduct

The RAA's unwavering commitment to promoting public accountability is exemplified through the imposition of sanctions and reprimands. We propose sanctions to influence positive ethical behaviour and conduct of public/civil servants.

We adopt a rigorous approach, acting against officials based on the gravity of their offences in managing public funds and fulfilling their duties. These actions encompass a range of administrative and legal measures that the RAA recommends the agencies to enforce. It is our expectation that such measures serve as a powerful deterrent, dissuading officials from engaging in illegal and unethical conduct.

Throughout the year, we steadfastly pursued administrative actions for various cases of malfeasance and misfeasance highlighted in our audit reports. As a result, administrative actions were recommended against a total of 271 officials from various audited agencies. Following our recommendations, agencies took administrative actions against a total of 267 officials.

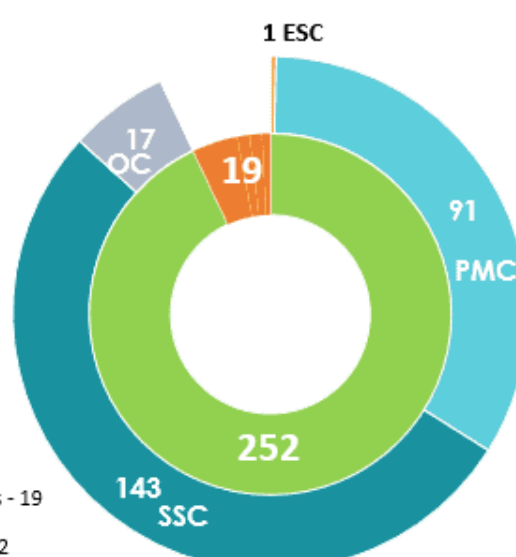
The details are presented in Figure 2.5 and Figure 2.6 showing the position titles and the agencies of the officials.

Figure 2.5: Administrative Action Recommended

Administrative Actions Recommended and categorised by civil servants (252) and non-civil servants (19).

Civil servants are further broken down into Executives and Specialists (ESC -1), Professional and Management (PMC-91), Supervisory and support (SSC - 143), and Operational (OC-17)

Non-Civil Servants - 19
Civil Servants - 252

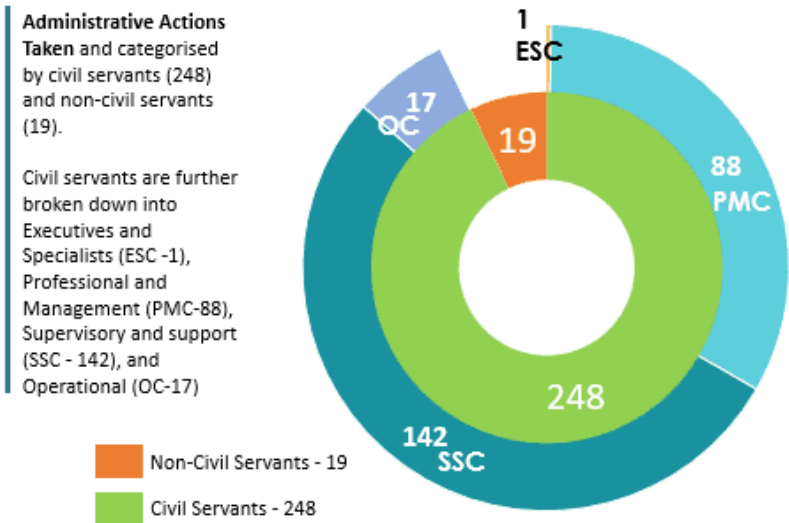


86.8%

Agree that
our work
enhanced
accountability



Figure 2.6: Administrative Action Taken



Wider impact

Deterrence to Violations of Ethical and Professional Conduct

Besides administrative actions, we also recommend legal actions against officials with cases of fraud and irregularities, reinforcing an anti-fraud environment and safeguarding financial integrity.

The RAA recommended 80 instances of legal action against 72 officials, one contractor and a supplier. These cases were forwarded to the Anti-Corruption Commission for investigation. In another instance, following our audit, legal action was taken against one official by an agency. The details are shown below in Figure 2.7.

Figure 2.7: Legal Action



RAA influences strategic directions

Wider impact

National CSI Bank Merger with BDBL

In response to RAA's recommendation to reassess the relevance of the National Cottage and Small Industry Development Bank Limited, the Government initiated a merger with the Bhutan Development Bank Limited.

This strategic move has the potential to curtail unnecessary cost centers resulting from overlapping, duplications, and fragmentations of functions between the two banks, aligning with our commitment to improving the economy, efficiency, and effectiveness in public sector operations.



82.4%

Agree that our audit helped identify and manage risks

Financial impact

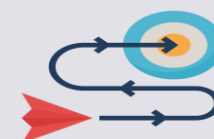
Sitting Fees for Local Government

Effective from 1st July 2023, the payment of sitting fees for various levels of local government, including Thrompon, Gup, Mangmi, Dzongkhag Thromde Thuemi, Tshogpa, and Gewog Tshogde and Thromde Thuemi, has been discontinued. This change was implemented in line with the Pay Structure Reforms and Pay Revision of public servants.

The impetus for this transformation emerged from our financial audit of Thromdes, demonstrating how our audits catalyse tangible policy adjustments.

Wider impact

Development of Roadmap for CBF



Given the potential of the Competency-Based Framework (CBF) initiative in addressing numerous issues emanating from inconsistent practices of administering Short-Term Training (STT) across agencies, there is a need for RCSC to expedite the development and implementation of the framework. To realize this, the RAA recommended that Royal Civil Service Commission (RCSC) develop a clear roadmap delineating a definite timeline for completing the development of CBF for all agencies.

Following our recommendation to develop a roadmap, the RCSC swiftly responded by developing a comprehensive roadmap for the implementation of CBFs across government agencies for a more skilled and agile workforce. This roadmap was put into action through the development of several CBFs for various positions across agencies.

Remarkably, the RCSC's proactive stance led to the development of 12 CBFs in the fiscal year 2022-2023. These initiatives were strategically designed to enhance the efficiency and productivity of government personnel. Furthermore, additional CBFs have been strategically identified for development, emphasising their significant impact on organisational capacity and the improvement of service delivery.

Besides, several guidelines and travel protocols were formulated ensuring transparency and resource utilisation. The RCSC also developed e-learning guidelines and revised the Integrated Work Plan (IWP) template for 2022-2023, aligning with our recommendations to exercise prudence, and promote online resource utilisation and diverse learning methods.

Financial impact

Guidelines for General Reserve

The RAA's audit report on the Annual Financial Statements of the Royal Government of Bhutan for the financial year ending 30th June 2021 led to a significant policy shift. We recommended the Ministry of Finance (MoF) to formulate guidelines for the operation of the General Reserve, and our advice was earnestly heeded to.

The MoF promptly developed and implemented these guidelines in July 2022, which would reinforce the PFM system.

Wider impact

Revision of Community Contracting Protocol 2021

Our annual report for 2020-21 highlighted issues related to the quality of construction in community contract works. In response, we urged the government to review the community contract protocols to ensure higher standards of work. This prompted the Department of Local Governance to initiate a transformative change in the protocol, revised and launched in January 2022. The revised protocol aims to enhance governance in the management and operation of local government activities.



Wider impact



Reviving the Discussion and Initiating the Implementation of the Third Internet Gateway

The RAA recognises the critical need for a third international Internet gateway for Bhutan. Presently, Bhutan relies on two Internet gateways, which converge, posing a high risk of complete Internet disconnection in the event of a failure. This situation not only impacts the government's ability to provide services to its citizens but also disrupts telecommunication services, potentially leading to chaos during disasters and national emergencies.

The RAA recommended the urgent pursuit of an alternative international Internet gateway. In response, the GovTech Agency has proactively engaged with the Governments of Bhutan and India to advance this vital initiative. The Royal Government of Bhutan, through the Ministry of Foreign Affairs and External Trade, is actively strategising and seeking clarifications from both governments to address this challenge. The ultimate aim is to reduce overall Internet costs while enhancing international connectivity resilience.

This initiative is crucial for ensuring the uninterrupted flow of information and communication, safeguarding public services, and enhancing disaster preparedness and response.



76.2%

Agree that new practices and procedures were learnt

RAA facilitates strengthening Governmental function and oversight

Wider impact

Strengthening BICMA's Regulatory Role

RAA's observation highlighted the need to enhance the visibility of the Bhutan InfoComm and Media Authority (BICMA) in regulating telecommunications and ICT services. While the regulatory framework was adequately provided in the Information, Communications, and Media (ICM) Act 2018, limited enforcement was noted.

Subsequently, BICMA took significant steps to strengthen its regulatory functions and monitoring mechanisms. As published in the Kuensel dated 2nd February 2022, BICMA imposed fines on telecom companies for failing to improve mobile broadband service quality, reinforcing its role in enforcing compliance with the ICM Act and license terms and conditions.

Wider impact

Creation of the Road Regulatory and Safety Section

In pursuit of a coordinated approach to ensure road safety and minimum standards, the Department of Roads (DoR) established the Road Regulatory and Safety Section under the Maintenance Division. This action aligns with RAA's recommendation. It signifies a commitment to enhancing road safety and regulatory oversight in the planning, design, construction, and operation of roads.



RAA facilitates
Government-wide
collaboration



83.5%

Agree that
our audit led
to improved
transparency

Wider impact

Improving Road Maintenance Practices

In response to RAA's call for effective emergency coordination in road maintenance, the Department of Roads (DoR) took action. Collaborating with key stakeholders, including the Traffic Division of the Royal Bhutan Police, the erstwhile Road Safety and Transport Authority (RSTA), and the Department of Disaster Management, the DoR developed and formalised a Standard Operating Procedure (SOP) for road maintenance.

This SOP signed and ratified, has been disseminated to all Regional Offices under the DoR. It enhances emergency response coordination and strengthens overall road maintenance practices, aligning with our recommendation.



Wider impact

Streamlining HR and Financial Entitlements

In partnership with the MoF, the RCSC spearheaded the integration of the ZES and ePEMS systems. This integration will eliminate silos between the Bhutan Civil Service Rules (BCSR) and Financial Rules and Regulations (FRR), ensuring a seamless alignment of HR and financial entitlements for both civil and public servants.

Wider impact

Emergency Response Coordination for National Fiber Network

Following our recommendation for a coordinated approach to maintaining and restoring the National Fiber Network, a SOP has been developed. It endorsed by relevant stakeholders to ensure the swift restoration of the National Fibre Network during emergencies.

This SOP has been disseminated to Dzongkhag ICTOs, as well as Internet Service and Telecommunication Providers, reflecting a unified commitment to maintaining critical communication infrastructure during challenging times.



Wider impact

Effective Inter-Agency Collaboration for Road Traffic Accidents (RTA)

In response to our efforts and recommendation, the Ministry of Health, Traffic Police, RSTA, and DoR jointly initiated the drafting of a Coordination SOP to respond to RTA. This effort strengthens the road Emergency Response system.

An action plan is also being developed, including the integration of all hotline numbers into a single hotline for all emergency services. Agreeing with the audit observation, the BBS also covered a story on the need to have coordinated efforts and approaches for emergency response including a single hotline number for all emergencies on 15th September 2022.



RAA facilitates streamlined processes and encourages corrective actions for improved internal governance

81.6%
Agree that our audit led to streamlined and improved processes

Wider impact
Enhancing Documentation Processes

Our efforts have yielded substantial improvements in documentation practices. We identified 72 instances out of 34 agencies where proper documentation was lacking. Through diligent follow-ups, we not only facilitated agencies in enhancing their documentation but also insisted on regular updates, reconciliations, and necessary adjustments as required.

Over the course of the year, we witnessed 66 instances of documentation being corrected and improved by 21 agencies. The progress of action taken is 91% as shown in Figure 2.8. This concerted effort has resulted in approximately 10% of survey participants identifying enhanced documentation as a noteworthy and positive outcome resulting from our audits.

Figure 2.8: Progress of actions taken on improved documentation



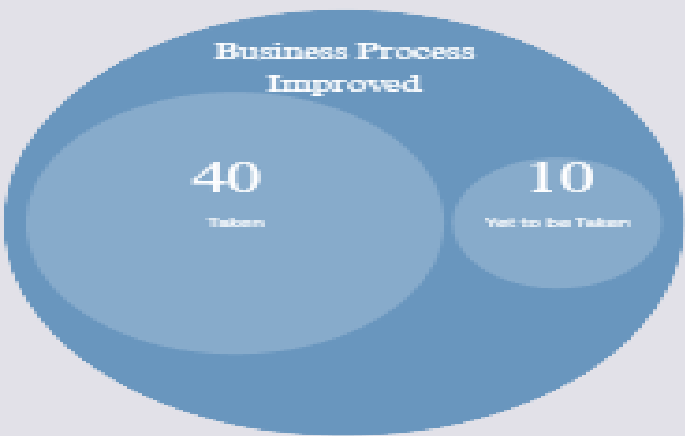
Wider impact
Improving Processes and Systems



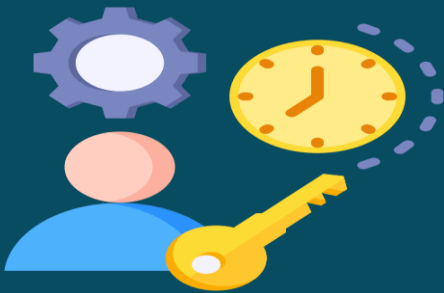
Significant strides have been taken towards refining processes and systems. This audit impact encompasses the development of Standard Operating Procedures (SoP), guidelines, manuals, and rectifications made in IT systems by audited agencies.

A total of 50 processes and system improvements across 30 agencies were recommended through our reports. Agencies responded by implementing 40 instances of these enhancements, showcasing our joint commitment to elevating operational efficiency and effectiveness. The action taken and action yet to be taken are displayed in Figure 2.9.

Figure 2.9: Actions taken on improved Processes and Systems



RAA contributes to enhancing financial integrity



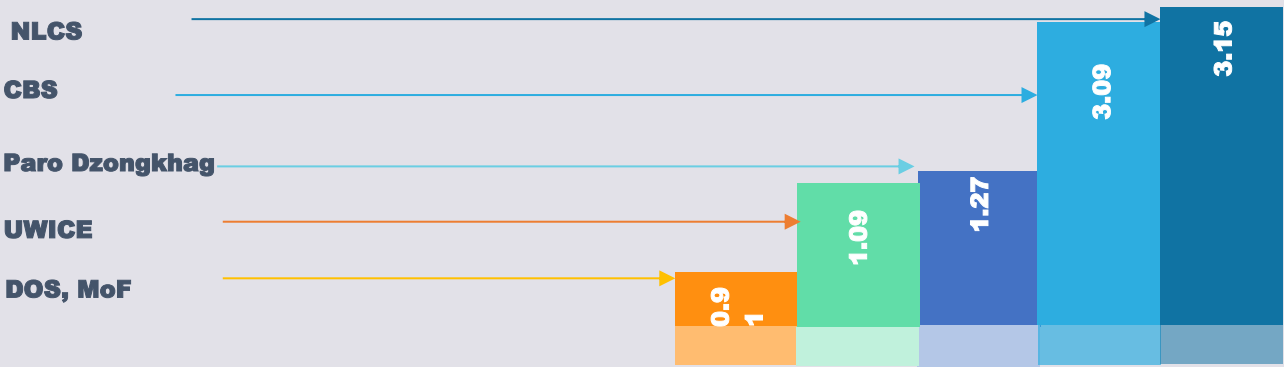
Wider impact

Exercising Prudence

A review of Travel and Daily Allowances (TA/DA) expenditures, conducted in conjunction with the Check Post Management System data, unveiled substantial cost savings amounting to Nu. 27.612 million for the year. Of this amount, Nu. 21.66 million has been deposited into the audit recoveries account, leaving a remaining balance of Nu. 5.95 million.

The review revealed a discrepancy between the travel dates provided in the claims and the data recorded in the Check Post Management System. Consequently, incorrect claims were approved and disbursed by the competent authority. Figure 2.10 below illustrates the top 5 agencies responsible for such payments:

Figure 2.10: Top 5 agencies (Amount in millions)



The adoption of this methodology for reviewing Travel and Daily Allowances marks a significant milestone that enhances financial integrity, risk management, and overall efficiency within budgetary bodies. It ensures that resources are effectively managed, allowing budgetary bodies to control TA/DA expenses better, thereby aligning them with budget constraints and financial objectives. Furthermore, it serves as a deterrent, helping to decrease the frequency of such claims or incidents.

In essence, our efforts contribute to maintaining accurate financial records, promoting transparency in financial operations, and holding individuals or entities accountable for their financial responsibilities.

RAA contributes to enhancing road safety and public transport



71.5%

Agree that our audit led to improved service delivery

Wider impact

Strengthening Road Safety and Public Transport

The RAA highlighted that the fragmentation of institutional set-up for the transport sector leads to a disintegrated approach across government agencies, the overlap of responsibilities, and duplication of efforts in realizing the overall national objective of the sector. We recommended the DoR and RSTA to adopt a coordinated approach amongst relevant authorities in ensuring minimum safety standards and to institutionalise the system of conducting road safety audits.

Subsequently, the RSTA and the DoR have institutionalised road safety audits as mandated in The Road Act 2013. This represents a substantial stride towards enhancing the safety of our road networks, clearly reflecting the positive impact of our audit.

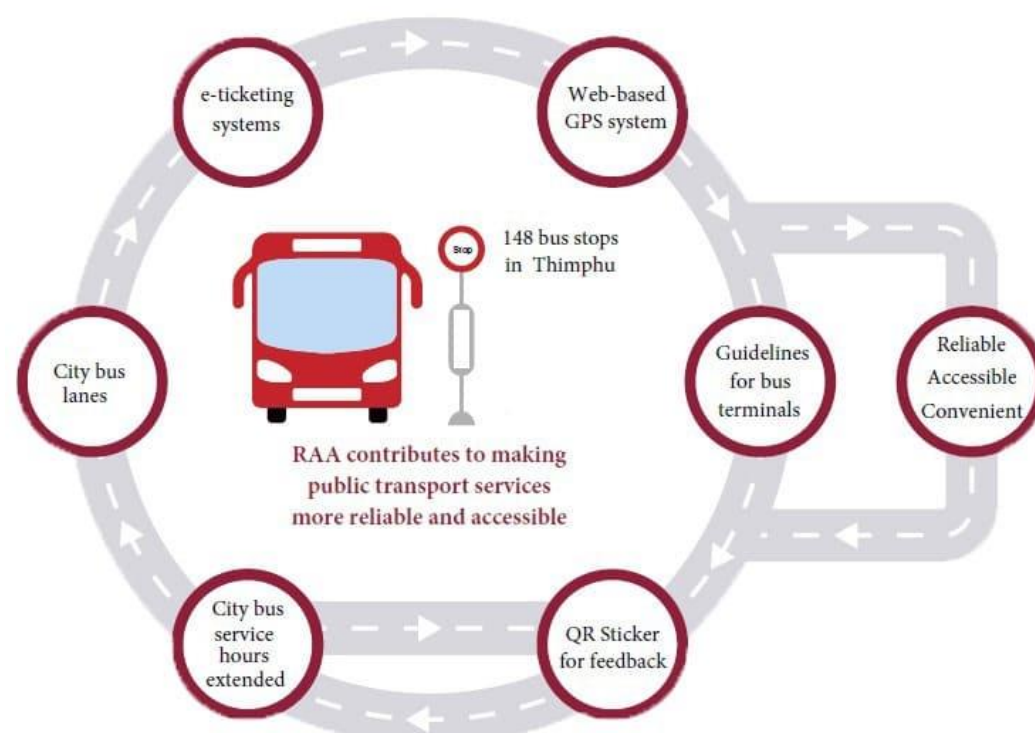
In alignment with our recommendations, the RSTA has taken significant measures to improve vehicle safety and roadworthiness checks. They have developed comprehensive vehicle roadworthiness checklists tailored for passenger buses. These actions play a pivotal role in ensuring safe vehicles on our roads.

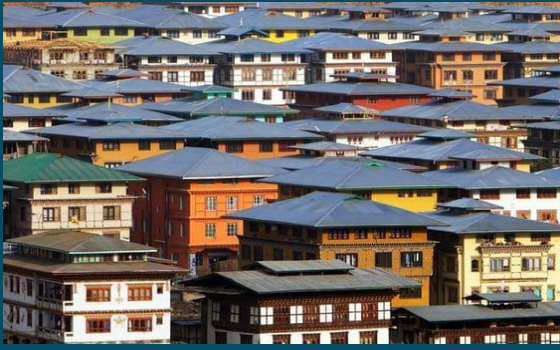
Our audit underscored the necessity of enforcing road safety regulations. Consequently, the RSTA has enforced the Road Safety & Transport Regulations. The Head Office has issued a directive to all Regional Offices to ensure that passenger bus drivers do not drive for more than 8 hours. The demerit point system has been incorporated into the RST Regulations 2022 and the eRaLIS system, automatically recording demerit points for traffic infringements. These steps ensure stricter enforcement and accountability for road safety.

Besides, the RSTA reported notable improvements in service delivery as a result of the audit.

Furthermore, as shown in Figure 2.11 RAA advocated ICT-based e-ticketing in city and private buses, enhancing passenger convenience and safety. GPS integration improved accessibility and reliability. Urban mobility saw dedicated bus lanes, extended service hours, and QR codes for safety and feedback. RAA's influence extended to July 2022 guidelines, promoting social integration in public transport for vulnerable groups.

Figure 2.11: Reliable and accessible public transport system





RAA contributes to housing development

Wider impact

Strengthening Housing Sector

In Bhutan, where specific legislation for housing development was lacking, the RAA identified several issues in this sector that were rooted in legal and policy inadequacies. In response to our recommendation, significant strides were made in policy enhancement. The National Housing Policy of 2002 underwent a thorough revision in March 2019, paving the way for more robust and effective housing development strategies.

In response to RAA's recommendation to establish a central regulating and coordinating agency for housing development, the Ministry of Infrastructure and Transport (MoIT) took action. They established the Housing and Urban Affairs Division to coordinate and strengthen housing-related issues. This move, as reported in the Business Bhutan newspaper dated 23rd January 2023, addresses a longstanding gap in the management of the housing sector, providing tenants across the country with a central agency to seek assistance and oversee urban affairs.

In response to our recommendation regarding housing affordability, the MoIT enhanced the tenancy system on 20th September 2022.

Besides, the Ministry completed a housing demand survey as part of our recommendation on the necessity of housing needs assessment, and the findings are used to prepare KPI and activities of the 13th Five-Year Plan. This proactive approach ensures that our recommendations directly contribute to the strategic planning and objectives of the nation, aligning audit impact with national goals and outcomes.

RAA contributes to the development of ePIS



Wider impact

Reimagining Patient Care Services

The Royal Audit Authority has made significant contributions to the delivery of OPD services at JDWNRH.

Following RAA's recommendations, JDWNRH implemented the electronic Patient Information System (ePIS) in May 2023. This system addresses the previous lack of a proper patient registration system, enabling the capture of essential patient information, including earlier diagnoses, visit frequency, addresses, and prescribed medications. The transition to ePIS enhances the effectiveness of patient care services, informed decision-making, and overall healthcare quality.

Conclusion

The impacts highlighted in this chapter serve as an earnest testament to the pivotal role that the RAA plays in:

- ✦ providing reasonable assurance on financial statements of governments and corporations,
- ✦ examining compliance with applicable laws and regulations, and
- ✦ offering recommendations for enhancing the economy, efficiency, and effectiveness of service delivery, governance, or outcomes that impact our people.

Our rigorous audits have resulted in tangible results and outcomes. These include not only revised and improved legislation and policies, but also a more robust institutional framework, enhanced public financial management, substantial cost-savings, the promotion of accountability, and the fortification of internal controls. These achievements reflect our unwavering dedication to improved public sector accountability and performance, ultimately delivering value and benefits to our cherished citizens.



As we embark on the path ahead, we pledge to uphold the highest standards of auditing excellence. The RAA's mission remains resolute: to contribute actively to fostering a transparent, accountable, and dynamic public sector, that fosters trust and integrity in the use of public resources.

The survey respondents had the following to say when asked for examples of positive changes due to audit, aligning with our mission to enhance transparency, accountability, and efficiency:

In light of the insights gleaned and the profound impact of our audits, we seek the cooperation and collaboration of our audited entities for the implementation of audit recommendations. It is through this joint effort, encompassing all stakeholders within our vibrant ecosystem, that we envision the lasting transformation of the public sector's performance and the elevation of trust in our nation's governance.



Together, we are forging a future where ownership and accountability become inherent, and the aspirations of His Majesty The King for a *Developed Bhutan* are attained.



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