

“PERFORMANCE AUDIT REPORTS”

The Section provides brief summary of Performance Audit on Operations and Management of Thimphu Thromde issued during the year.

The two performance audit reports on Irrigation Systems and Cyber Security were tabled during the Eight and Ninth Session of Third Parliament respectively and are available on the RAA website.

“RECOMMENDATIONS”

A dedicated Section on audit recommendations is maintained aiming at promoting accountability and improving economy, efficiency and effectiveness in the use of public resources. There are Seven Recommendations drawn on the basis of the overall findings and deficiencies noted in the operations of audited agencies during the year. It is also based on the experiences and observed issues that require to be addressed through appropriate interventions. The recommendations provided in the AAR are:

- 1) To expedite the enforcement of court verdicts on audit irregularities prosecuted by the respective agencies in the court of law;
- 2) To reinforce controls in regulating traveling and daily subsistence allowance;
- 3) Need for an enhanced collaboration and coordination between Forestry Sector and executing agencies for collection of royalties on extraction and utilization of boulders in the construction of roads;
- 4) Need to review the practices of assigning deposit works to line agencies and identifying spillover activities during budget preparation;
- 5) Need for improved governance in the project management specifically through a robust monitoring and evaluation system;
- 6) Need to consolidate all CD accounts operated by budgetary agencies; and
- 7) There is a need for consistent and strict enforcement of entitlement of designated vehicles as per Pay Revision Act 2023 have consistent rules and regulations to regulate entitlements besides enforcing strict implementation.

PERFORMANCE HIGHLIGHT OF RAA



Taking audit services closer to the organizations and people via our four Regional Offices.

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HIGHLIGHTS OF THE ANNUAL AUDIT REPORT 2022-2023

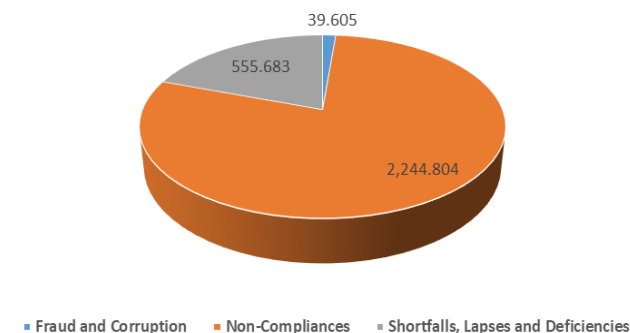


TOTAL AMOUNT OF IRREGULARITIES IN AAR 2022-2023
NU. 2,840.093 MILLION

TOTAL AUDIT RECOVERIES IN 2022-2023
NU. 202.458 MILLION

IRREGULARITIES BY CATEGORIES

Figure 2: Types of Irregularities with Amount (Nu in Million)



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SUMMARY OF AUDIT FINDINGS

- * The Annual Audit Report 2022-2023 was compiled from 379 audit reports which contain audit findings. The summary are inclusive of all audit findings issued during the period.
- * The total irregularities reported during the period amounted to Nu. 2,840.093 million.

I. FRAUD AND CORRUPTION

The cases of Fraud and Corruption accounted for 1.39% aggregating to Nu. 39.605 million. Out of the total irregularities reported under fraud and corruption, agency-wise fraud and corruption, provided below shows Ministry of Information and Communication had the highest amount of irregularities amounting to Nu. 12.718 million followed by Dzongkhag Administration, Dagana with Nu. 9.213 million, representing 30.37% and 22% respectively.

Sl. No.	Name of Agency	Amount (Nu.in M.)
1	Directorate of Services, MoIC	12.72
2	Dzongkhag Administration, Dagana	9.21
3	Royal Bhutan Police	5.86
4	Regional Immigration Office, Gelephu	3.67
5	Dungsam Cement Corporation Ltd.	1.61
6	Road Safety and Transport Authority, MoIC	1.50
7	Dzongkhag Administration, Trashiyangtse	1.40
8	Jigme Namgyel Engineering College, Deothang	1.38
9	Dzongkhag Court, Paro including CD account	0.74
10	National Land Commission Secretariat	0.68
11	Dzongkhag Administration, Gasa	0.45
12	Regional Office, Department of Roads, Trashigang	0.17
13	Thromde Administration, Phuentsholing	0.16
14	Dzongkhag Administration, Samtse	0.04
15	Dzongkhag Administration, Samdrupjongkhar	0.03
TOTAL		39.62

SUMMARY OF AUDIT FINDINGS

The summary of significant audit findings is an analysis of the causes of the irregularities to help agencies and authorities in initiating corrective and preventive actions besides restitution of the loss sustained by the government.

II. NON-COMPLIANCE TO LAWS, RULES & REGULATIONS

The cases of Non-compliance with Laws, Rules and Regulations accounted for 79.04% % of the total irregularities aggregating to Nu. 2,244.804 million. Out of the total irregularities reported under non-compliance to laws, rules & regulations, **top ten Agency-wise** provided below shows Punatshangchu Hydroelectric Project (PHEP)-II had the highest amount of irregularities of Nu. 885.02 million followed by Phuentsholing Township Development Project with Nu. 478.82 million, representing 39.47% and 21.35% respectively.

Sl. No	Name of Agency	Amount (Nu. in M)
1	Punatshangchu Hydroelectric Project (PHEP)-II	885.02
2	Phuentsholing Township Development Project	478.82
3	Mangdechhu Hydroelectric Project Authority	327.24
4	Department of Air Transport Authority, MoIC	127.58
5	Secondary Towns Urban Development project (STUDP)	45.33
6	Dzongkhag Administration, Trongsa	37.52
7	Dzongkhag Administration, Trashigang	32.32
8	Department of Agriculture	30.88
9	Dzongkhag Administration, Samtse	30.83
10	Dzongkhag Administration, Paro	26.26

SUMMARY OF AUDIT FINDINGS

The significant audit findings are reported under three broad categories: **Fraud and Corruption, Non-compliance to Laws and Rules & Regulation and Shortfall, Lapses and Deficiencies.**

III. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of Shortfall, Lapses and Deficiencies accounted for 19.57% of the total irregularities aggregating to Nu. 555.683 million. Out of the total irregularities reported under Shortfall, Lapses and Deficiencies, **top ten Agency-wise** provided below shows Druk Holding & Investments had the highest amount of irregularities of Nu. 145.87 million followed by Punatshangchu Hydroelectric Project (PHEP)-II with Nu. 133.95 million. representing 26.25% and 24.11% respectively.

Sl. No	Name of Agency	Amount (Nu.in M)
1	Druk Holding & Investments	145.87
2	Punatshangchu Hydroelectric Project (PHEP)-II	133.95
3	Dzongkhag Administration, Samtse	44.03
4	Thromde Administration, Gelephu (Including CD & Revenue)	19.82
5	Kholongchhu Hydro Energy Limited, Trashiyangtse	18.98
6	Dzongkhag Administration, Zhemgang	18.98
7	General Hospital, Phuentsholing	14.05
8	Drukgyal Dzong Conservation Project, Department of Culture, MoHCA	13.13
9	Phuentsholing Township Development Project	10.41
10	Dzongkhag Administration, Lhuentse	9.94