

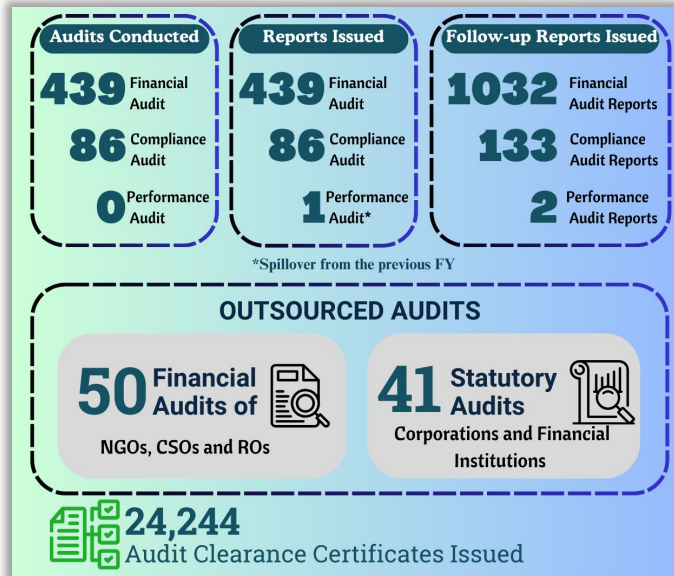
RECOMMENDATIONS

A dedicated chapter 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;

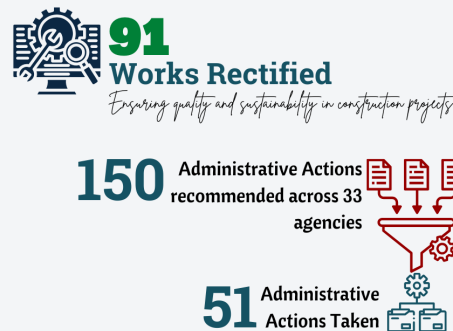
- 1) Government should focus on quality constructions;
- 2) Government should enforce robust mechanism and stricter measures to curb excess payment in public procurement;
- 3) Need to ensure strict adherence to specification of Granular Sub-Base (GSB) works for farm roads;
- 4) Need to reinforce the administration of leasing government lands;
- 5) Need to address the issue of wasteful expenditures in government and public agencies;
- 6) Need to enforce strict compliance to price adjustment clause to avoid inadmissible payments; and
- 7) Government should come up with a clear guidelines on Hospitality & Entertainment expenses.

RAA influenced strategic direction by steering cybersecurity with a National Strategy for stronger threat preparedness.

PERFORMANCE HIGHLIGHTS OF RAA



During the year, the RAA was able to resolve a total of 7,741 outstanding audit observations through rigorous follow-up review meetings held across 20 Dzongkhags, three Thromdes and two Ministries.



Royal Audit Authority
P.O Box 191, Peling Lam, Kawangjansa
Thimphu: Bhutan
Tel: +975-02-322111
Email: info@bhutanaudit.gov.bt

HIGHLIGHTS OF THE ANNUAL AUDIT REPORT

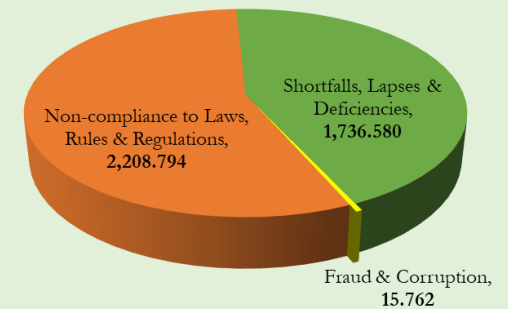
2023-2024



TOTAL AMOUNT OF IRREGULARITIES IN THE AAR 2023-24

NU. 3,961.136 MILLION

Types of Irregularities with Amount (Nu. in Million)



Nu. 7.642 million recovered into the respective Audit Recoveries Account of the FIs and Corporations.

Nu. 194.435 million recovered into the Audit Recoveries Account and transferred to the Government Budget Fund.

Total Recoveries Nu. 405.302 million

Nu. 1.635 million recovered from ongoing ADB Projects and refunded to respective projects.

Nu. 201.590 million recovered/Adjusted from the Running Account Bills of Hydropower Projects.

SUMMARY OF AUDIT FINDINGS

The significant audit findings are reported under three broad categories: **Fraud and Corruption, Non-Compliance to Laws, Rules, and Regulations, and Shortfalls, Lapses, and Deficiencies.**

1 FRAUD AND CORRUPTION

The cases of Fraud and Corruption accounted for 0.40 % aggregating to Nu. 15.762 million of which the Dzongkhag Administration, Pemagatshel including Dungkhag and Gewogs, largely attributed to Milk Processing Units had the highest irregularities amounting to Nu. 4.738 million followed by Dzongkhag Administration, Samtse including Dungkhags and Gewogs with Nu. 3.891 million representing 30.06% and 24.68% respectively.

Sl. No.	Agency	Amount (Nu. in million)
1	Dzongkhag Administration, Pemagatshel including Dungkhag & Gewogs	4.738
2	Dzongkhag Administration, Samtse including Dungkhags & Gewogs	3.891
3	Thromde Administration, Thimphu	2.575
4	Dzongkhag Administration, Bumthang including Gewogs	1.501
5	State Trading Corporation of Bhutan Limited	1.206
6	Department of Education Programs, MoESD	1.063
7	Dzongkhag Administration, Dagana including Dungkhag & Gewogs	0.364
8	Dzongkhag Administration, Mongar including Dungkhag & Gewogs	0.277
9	Dzongkhag Administration, Haa including Dungkhag & Gewogs	0.107
10	Royal Bhutan Consulate, Kolkata, India	0.041
11	Bhutan Taxi Association	0.000
Grand Total		15.762

The summary of significant audit findings is gist of each observations, its causes, and recommended actions of treatment, sanctions, and corrections.

2 NON-COMPLIANCE TO LAWS, RULES AND REGULATIONS

Non-Compliance with Laws, Rules and Regulations cases accounted for 55.76% aggregating to Nu. 2.208.794 million. Of this, Department of Infrastructure Development, MoIT had the highest irregularities amounting to Nu. 344.403 million followed by State Trading Corporation of Bhutan Limited with Nu. 328.732 million representing 15.59% and 14.88% respectively.

Sl. No.	Agency	Amount (Nu. in million)
1	Department of Infrastructure Development, MoIT	344.403
2	State Trading Corporation of Bhutan Limited	328.732
3	Punatsangchhu Hydroelectric Project Authority - II	152.708
4	National Cottage & Small Industries Development Bank Limited	141.959
5	Secondary Towns Urban Development, DoID, MoIT	137.000
6	Thromde Administration, Thimphu	112.921
7	Department of Tourism, MoICE	109.169
8	Regional Office, NRDCL, Phuentsholing	109.144
9	Construction of 150 Bedded Mother & Child Hospital, DoBE, NMS	89.438
10	Department of Industry, MoICE	47.810

The Annual Audit Report 2023-2024 was compiled from 228 audit reports containing audit findings. The summary includes gist of all unresolved audit findings reported during the period. The total reported irregularities amounted to Nu. 3,961.136 million.

3 SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of Shortfalls, Lapses and Deficiencies accounted for 43.84%, totaling Nu. 1,736.580 million, the highest irregularities pertained to the Punatsangchhu Hydroelectric Project Authority - II with Nu. 551.344 million followed by State Mining Corporation Limited with Nu. 497.177 million representing 31.75% and 28.63% respectively.

Sl. No.	Agency	Amount (Nu. in million)
1	Punatsangchhu Hydroelectric Project Authority - II	551.344
2	State Mining Corporation Limited	497.177
3	Mangdechhu Hydropower Plant	188.567
4	Farm Machinery Corporation Limited	121.048
5	State Trading Corporation of Bhutan Limited	69.135
6	Construction of 150 Bedded Mother & Child Hospital, NMS	58.819
7	Food Corporation of Bhutan Ltd.	35.113
8	Loden Foundation	27.464
9	Thimphu Thromde	20.582
10	Dzongkhag Administration, Trongsa including Gewogs	16.630