

Dedication

To

*the most enlightened and selfless Druk Gyal Zhip
His Majesty the King Jigme Singye Wangchuck who
so delicately and endearingly
sculpts the Jewel that is*

Drukgyul.



འཇུག་ལྷན་ཁག་གི་འཇུག་ལྷན་ཁག་
ROYAL AUDIT AUTHORITY

(A Clean Public Service - Nation's Pride)



FOREWORD

The Royal Audit Authority is pleased to publish for the first time its Annual Report for the year 2000. We hope that this report will contribute to enhance accountability, transparency and efficiency in the Bhutanese public service.

During the year 2000, more than 202 agencies were audited, 183 reports transmitted and 59 previous reports were actively pursued, some as old as 1988. The statistics in the table below potrays the work of our auditors.

Table showing Agency wise audit observations by different categories and amount

Nature of observation	Agencies (Nu. in million)										Total
	MoHA	MoF	MoC	MOHE	MTI	MoA	Autonomous	Judiciary	Corporations	GOI Project	
Excess payments	3.73	0.65	4.42	0.36	0.12	0.41	0.28	0.39	6.51	20.88	37.75
Misappropriation	2.11	0.18			0.26	0.12					2.67
Outstanding advance	45.80	100.76	39.17	100.90	102.95	13.09	13.05		18.94	7.42	442.08
Outstanding revenue	1.09	82.90	9.83	0.49	7.05	0.53	1.32	0.64	0.85	0.49	105.19
Irregular payments	3.12	1.91	17.42	5.25	0.46	1.73			21.71	43.33	94.93
Tendering losses	0.13		8.60			0.42			0.36		9.51
Non-accountal of stocks	0.07		0.20		0.91					0.17	1.18
Loss of revenue		0.78	11.34		1.40						13.52
Wasteful Expenditure						2.46				24.95	27.409
Non-levy of Liquidated damages										0.546	0.546
Recoverable Amount from Contractors										9.683	9.683
Total	56.05	187.18	90.98	107.00	113.15	18.76	14.65	1.03	48.37	107.46	744.63

Audit has detected irregularities worth over Nu. 744.63 million in the use of the government funds in the year 2000. This amount could have offset the borrowings and the resource gap of about Nu. 700 million in the 1999-2000

Annual Budget of the Royal Government. About Nu. 442 million of the government money was lying unadjusted or unrecovered from the contractors, suppliers and employees in the form of outstanding advances. Similarly, revenue worth over Nu. 105 million remained unrealized. Excess and irregular payments to contractors/suppliers were regular observations in all audited agencies. Works were awarded without inviting tenders/quotations on which the interest of the government was overlooked.

Impressive as the above statistics on the multitude of cases of irregularities in the use of the government fund may appear, they are only symptomatic of a fundamental systemic problem. Internal control systems are weak in all Ministries and their subordinate agencies.

With due improvement in the areas of government accounting, it is expected that auditing of those accounts will be more effective and transparent. The Royal Audit Authority strives to continuously play a crucial role in the safeguard and proper utilisation of public money. In the year 2000 alone, audit has contributed to the cash recovery of over Nu. 10 million from the suppliers and employees of different government organisations and agencies.

Indirectly, audit has been playing a crucial deterrent role in protecting government money and property from misuse or misappropriation. The shift of approach in auditing from transaction to performance would further strengthen our effort in ensuring value for money spent in the entire public sector.

The present reorganisation and development efforts undertaken in the Royal Audit Authority would reinforce the capabilities of the Authority to work for the establishment of transparency and accountability in the government as a whole, which the Royal Audit Authority is committed to.

It is imperative that this office prepares itself to meet the challenges of the dynamic environment to discharge oversight function and serve as a watchdog agency that provides assurance to the government and others on how the government conducts its business, entrusted to carry out. In our audit reports, we not only focus our attention on financial regularity and propriety, but also on economy, efficiency and effectiveness of government business. It shall be our modest contribution to good governance.

The task before us is not easy but let us all carry our work without “Fear or Favour”.

“The woods are lonely, dark and deep.

I (we) have promises to keep and miles to go before I (we) sleep”.

Kunzang Wangdi

Auditor General of Bhutan