

Royal Audit Authority.

One of the common issues raised in any forum is: “Who audits the Audit?” With a view to promote greater accountability amongst auditors and improving the RAA’s own house keeping, an independent professional firm of Chartered Accountants conduct the audit of accounts of the RAA. Professional firms empanelled with the RAA are appointed as the RAA auditors only for a maximum period of three years. Besides external audit conducted by an independent professional firm, internal audit is also carried out on a rotation basis by the Divisions/Branch Offices of the RAA.

The Royal Audit Authority in the year 2002 is/was headed by the following personnel in the various capacities.

Sl. No	Name of Office bearers	Designation
1.	Dasho Kunzang Wangdi	Auditor General
2.	Lhaden Zom	Head, Administration & Finance Division
3.	Puran K. Dural	Finance Officer

A copy of the Audited Receipt and Payment Statement of the RAA for the Financial Year 2001-2002 and report thereon of the external auditors, M/s Nag & Associates, Chartered Accountants together with management report and also indication of action taken by the RAA on the deficiencies/lapses are appended in this report.

The RAA would like to summarise the contents of both the audit reports of M/s Nag & Associates for the Financial Year 2001-2002 and Office of Assistant Auditor General, Bumthang (OAAG) that conducted the internal audit of the RAA Headquarter for the Financial Year 2002-2003. The summary includes only the commissions or omissions against the requirement and not the observations that affirmed our prevailing healthy practices.

A. Summarized findings of M/s Nag & Associates:

With regard to the adequacy and correctness of accounting records and internal controls in general the Chartered Accountants observed the following, that:

- I. The updating of Fixed Asset Register though carried out is not in accordance with the requirement in the Property Management;
- II. The training expenses which included food bills were not supported by certificates confirming the number of participants;
- III. The entries corrected in the Sub-ledger have not been authenticated by the person who is doing the same; and

IV. There was an excess & inadmissible payment for some in-country travels and catering bills respectively and that some payments were not supported by valid documentary requirements.

With regard to the inventory control and related record keeping the auditors observed few differences in the store items, the store items which have been transferred from the old office have not been properly recorded in the stock book and that the entries made in the stock book on the basis of Good Receipt Note & Good Issue Note have not been properly authenticated by attesting the signature of the store keeper.

In the Audit Recoveries Account it was observed that the details of certain deposits made directly by the auditees with Bank of Bhutan were not available for verification and the internal control system with regards to reconciliation of Audit Recoveries Account between divisions and Finance Section is not adequate.

The Chartered Accountants also observed that reasons for certain telephone calls made to different countries have not been properly recorded and suggested that effective steps be taken to control the private calls and recover where applicable.

With regard to travel claims it was observed that travel authorisation have not been revised regularly.

B. Summarized findings of OAAG, Bumthang:

The internal audit conducted by OAAG, Bumthang noted the deficiencies *inter alias* the following:

- I. That some of the financial transactions were not supported by necessary documents such as the list of programme and participants for payment towards catering of lunches and dinners;
- II. That the mileage given by the Pool Vehicles of the RAA varied from 3.10 Km/litre to 7.29 Km/litre;
- III. That the RAA had made an excess payment of Nu.2500 (Two Thousand Five Hundred only) due to non-payment of quoted rate;
- IV. That the RAA have not been able to achieve 100% result in terms of the audit planned and audit conducted;
- V. That an expenditure of Nu.0.15 million was incurred from travel budget that resulted into unbudgeted expenditure; and
- VI. That there was an increasing trend of retaining cash balances at the end of every month ranging from Nu.3000(Three Thousand only) to Nu.19000 (Nineteen Thousand only).