



རྒྱལ་གཞུང་རྩིས་ཞིབ་དབང་འཛིན།
ROYAL AUDIT AUTHORITY

(A Clean Public Service - Nation's Pride)



<p>ONCE THE REPORT IS COMPLETED THIS COLUMN CAN BE DELETED IF THE FLOPPY VERSION IS USED</p> <p>I. Covering Letter: (Generally addressed to the Minister or Chairman in-charge or equivalent. It should also serve the function of Executive summary highlighting all the significant and material findings, which needs the attention of the decision-making authority. Copies of the report can be endorsed to any other authority or individual whom a Division Chief considers material and relevant. While general reports can be signed by Division Chief concerned; Reports with significant observations that needs the highest level in an organisation as courtesy shall be signed by Auditor General. The Reference No. of the letter shall be in the following order : Inspection Report/File Number/Division Number/Nature of audit/year/despatch Number IR/10/D5/SR/00/5000/809.</p> <p>The nature of reports can be classified as</p>	<p>Ref. No. IR /10/ D5/SP/00/5000/809 Dated:.../.../.....</p> <p>The Hon'ble Minister, Ministry of Home Affairs, Tashichodzung, Thimphu, Bhutan</p> <p>Subject: - Report on the audit of Accounts and Operations of the Dzongkhag Administration, Sarpang for the period from 01-07-96 to 30-06-99.</p> <p>Your Honour,</p> <p>I have the honour to present the Report on the audit of Accounts and Operations of the Dzongkhag Administration, Sarpang. The Royal Audit Authority had conducted the audit of accounts, records and operations of the Dzongkhag Administration, Sarpang covering the period from July 1, 1996 to June 30, 1999.</p> <p>The audit was conducted in accordance with the Generally Accepted Auditing Standards and Practices of Government Auditing and in conformity with INTOSAI and ASSOSAI GUIDELINES.</p> <p>The primary objective of audit was to express an opinion on :</p> <ol style="list-style-type: none"> 1. Operation and management practices and 2. Correctness of the receipt, accountable and proper uses of funds and assets. <p>Accordingly, the examinations, <i>inter-alia</i> included such tests of internal control and compliance as considered necessary in the circumstances.</p> <p>According to the physical verification and examination of the books and records produced for audit purposes, information and explanations provided to the audit team, some irregularities/deficiencies were noticed.</p> <p>Some of the significant observations are listed hereunder and</p>
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<p>“Inspection Report = IR” and special nature as “Special Report = SR”.</p>	<p>detailed in the main report.</p> <p>Sl.No.: Major and significant Observations:</p> <ol style="list-style-type: none"> 1. Non-deduction of salary and health tax (Nu. 0,977.00); 2. Payment released without receipt of goods (Nu.396,498.73); <p>The Royal Audit Authority would appreciate receiving the Action Taken Report (ATR) by the Ministry of Home Affairs within 30th November 2000.</p> <p>If the comprehensive para-wise Action Taken Replies (ATR) to the Inspection Report is not received within the stipulated period, issue of Audit Clearance (A.C.) in respect of all employees would be suspended till such time that the audit issues raised are attended to.</p> <p>Further, non co-operation the report will be transmitted to appropriate competent authorities for administrative and legal recourse and also published in the RAA Web Page.</p> <p>We acknowledge the kind co-operation and assistance extended to the audit team by the officials and staff members of the Dzongkhag Administration, Sarpang which facilitated the completion of the audit.</p> <p>I beg to remain,</p> <p>Your Honour’s sincerely,</p> <p>Auditor General/Division Chief</p> <p>Copy to: -</p> <ol style="list-style-type: none"> 1) <i>The Secretary, Ministry of Finance, Tashichodzong.</i> 2) <i>The Secretary, Royal Civil Service Commission, Thimphu.</i> 3) <i>The Dzongdag, Dzongkhag Administration, Sarpang.</i> 4) <i>LAN and Information Officer, Royal Audit Authority (RAA), Thimphu, Bhutan.</i> 5) <i>Audit Clearance Section, RAA.</i>
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<p>X. Cost of Audit: (Detailed financial costs as to the direct cost that will be involved (with break up) in conducting this audit. No audit which do not justify neither future nor present need to be taken up.</p>	
<p>XI. ENGAGEMENT LETTER NO. (file number/ name of division, AIN Serial number).</p>	RAA/IR/(D5)/2000/829 dated 20/5/2000
<p>XII. Composition of the Audit Team: (Status of the each member reflected by name, designation, Audit ID number).</p>	<ol style="list-style-type: none"> 1. Dawa Tenzin, Dy. Chief Auditor (Audit ID Card Number) 2. Karma Dukpa, Auditor
<p>XIII. Profile: (Not more than five pages covering Brief history, current mandate and policies, organizational set up etc. based on official documents).</p> <p>References used in writing the report: (RGOB documents relevant to the policy, laws, acts , five – year plan, Annual plan and subject related books – Journals and literatures to be quoted).</p>	<p><u>Profile of Dzongkhag Administration, Sarpang (1996-1999)</u></p> <ol style="list-style-type: none"> a. Brief history: b. Current mandate and policies: c. Organizational set up etc..)
<p>XIV. Five Years Plan with plan outlay of the Organisation: (as reflected in the plan documents. It shall begin on an fresh page).</p>	
<p>XV. Annual Plan (S) with outlay and targets for the period covered by audit:</p> <ol style="list-style-type: none"> a. as reflected in the plan documents. b. sector wise/activity wise achievement. 	<p>The sector wise major activities during the financial year</p> <ol style="list-style-type: none"> a. Implemented
<p>XVI. Activity wise Budget for the Audited period: (Source: MOF and agency documents approved by RGoB)</p>	<p><u>Sl. No. Name of Project/Sector Budget Output</u></p>
<p>XVII. Overall performance: (assessment of Activities and assessment targets achieved within the Audited Period in terms of overall accountability. And manner in which housekeeping is</p>	

<p>carried out. Where there is fraud or instances of violation of rules, laws and regulations, relevant articles and clauses be quoted.</p> <p>(Accountability has been described as the "fundamental prerequisite for preventing the abuse of power and for ensuring that power is directed towards the achievement of broadly accepted national goals with the greatest possible degrees of efficiency, effectiveness, probity and prudence". The aim of accountability is to inform citizens about the "why" and the "how " of policy processes and choices, so that they are able to judge and respond to government actions</p> <p>Corruption may be defined as "the benefit of an individual or group to whom one owes allegiance. Corruption occurs when a public official accepts, solicits, or extorts a payment, or when private agents offer a payment to circumvent the law for competitive or personal advantage").</p> <p>his could be based on which a combination of the Auditee of the year could be made by the divisions</p>											
<p>XVIII. Follow up of the previous Reports: (Para wise comment of the RAA to be provided. If a para is follow up of a previous follow up it should be pointed as a serious offences.)</p>	<p>FOLLOW UP OF THE PREVIOUS REPORTS:</p> <table border="1"> <thead> <tr> <th><u>Sl. No.</u></th> <th><u>AIN No.</u></th> <th><u>PARA</u></th> <th><u>AMOUNT</u></th> <th><u>RESPONSIBILITY</u></th> </tr> </thead> <tbody> <tr> <td colspan="5"><u>FIXED REASONS FOR NON COMPLIANCE</u></td> </tr> </tbody> </table>	<u>Sl. No.</u>	<u>AIN No.</u>	<u>PARA</u>	<u>AMOUNT</u>	<u>RESPONSIBILITY</u>	<u>FIXED REASONS FOR NON COMPLIANCE</u>				
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<p>XIX. Audit Observations: (This is the CORE of the report . Details of what is enumerated in the content. Sometimes by organisation, nature of observation, year, individual, area-wise etc. as</p>	<p><u>Audit Inspection Observations:</u></p> <ol style="list-style-type: none"> <u>1. Planning and Programming capacity;</u> <u>2. Personnel Management ;</u> <u>3. Inventory System;</u> <u>4. Property Management;</u> <u>5. Financial Management ;</u> 										

suits the situation. However the criticality is that the report should apply the following **CLASSIFICATION** as checklist to ENSURE a comprehensive COVERAGE unless there is NO NECESSITY or it is a VFM type audit:

a. **Planning and programming capacity:** Annual, five year and long-term plans are formulated and or followed. Outputs and impact indicators adopted and applied.);

Personnel Management: (recruitment, the process of attracting candidates from either inside or outside the organization who are qualified for and interested in available positions. Selection, the formal process of choosing the most qualified person from the available pool of applications, Training, formal and informal transmission, in the classroom or on the job, of job related knowledge and abilities required for employees to do their work successfully. Performance appraisal, a formal written process that periodically evaluates employees performance against a set of known job expectations. Compensation, reward, direct or indirect, , immediate or differed, which have monetary value. Job enrichment, a way of making jobs more satisfying by providing employees with opportunities for job rotations and other opportunities for more challenging responsible tasks.)

6. Revenue Management;
7. Procurement Management ;
8. Safety of properties;
9. Occupational safety.

This structure can be repeated as many as there are paras.)

Example:

FINANCIAL MANAGEMENT:

PARA NO. 1.1. Outstanding OBA not recovered (Nu.1,281,188.58)

A total sum of Nu. 1,281,188.58 was lying outstanding against the officials/parties/suppliers of the Dzongkhag Administration, Sarpang, the details tabulated in the Annexure A . The advances were released from different account heads as bifurcated below:-

LC Account	:	1,046,709.60
Resettlement Account	:	<u>234,478.98</u>
		<u>1,281,188.58</u>

A sum of Nu. 234,254.09 being advances given from LC Account pertained to the year 1990, and no positive measures to liquidate the amount had been initiated till date.

AUDITEE'S REPLY:-

The Dzongkhag Administration, Sarpang had made adjustment/recoveries about 90% of the outstanding. The adjustment/recoveries of the outstanding will be sent very shortly to Royal Audit Authority.

RAA's Comment: The recovered outstanding made by the Dzongkhag should be deposited into Audit Recoveries Account along with interest from the date of recovery. The balance outstanding must be liquidated at the earliest.

RAA's Further Comments (where necessary):-

- a. Inventory System;**
- b. Property/asset Management;**
- c. Financial Management ;**
- d. Revenue Management;**
- e. Procurement Management ;**
- f. Safety of properties;**
- g. Occupational safety.**

This structure can be repeated as many as there are paras.

For writing the paras headings can be categorised as per the **Fraud Indicators** incorporated in **AIMS.**)

- Who benefits and why?
- How will they benefit?
- What would be their immediate benefit/?
- What would be the benefits in the future?
- Who will bear the costs, risks and why?
- What cost, risk will there be immediately?
- What costs and benefits; will there be in the future?
- Who will be accountable to whom, and for what will they be accountable?
- Where appropriate questions be asked :

These questions should be geared to establish that there is:

1. Efficiency in delivery of Services;
2. Effectiveness in implementation ;
3. Economy in use of resources; and
4. Transparency in operation.

(Further Checklist while auditing where necessary: CDB rules, trade rules blacklist form different sources, financial manual, relevant

<p>service rules , Special contract rules and regulation of MTI, Demonopoly rules, old audit reports, IINTOSAI ASOSAI standArds, laws , agreements national , bilateral and international, debt and aids agreements etc.)</p>	
<p>XX. Conclusions & General Remarks: (Auditors can draw certain conclusions on any relevant and pertinent aspect of the organization at <i>here or at the beginning</i>)</p>	
<p>XXI. Recommendations: (It would cover suggestion of changes, and improvements that must be adopted and could be considered by the organization and individual in order to improve the accountability and internal control system in that organisation).</p>	<p><u>Sl.No.:</u> <u>ISSUES</u> <u>RECOMMENDATIONS</u> <u>TIME-FRAME</u> <u>RESPONSIBILITY</u></p>
