

ANNUAL REPORT 2016-17

Internal Audit Service: Royal Government of Bhutan



CENTRAL COORDINATING AGENCY
FOR INTERNAL AUDIT SERVICE

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TABLE OF CONTENTS

Acronyms	1
EXECUTIVE SUMMARY	3
1. BACKGROUND	4
2. OBJECTIVE	6
3. SCOPE	7
4. ANALYSIS OF OBSERVATIONS	7
4.1 ADMINISTRATIVE	10
4.2 LEAVE AND PERSONNEL EMOLUMENT	10
4.3 SELECTION AND RECRUITMENT	12
4.4 TRAINING	13
4.5 TRANSFER	14
5. SUMMARY OF RECOMMENDATIONS	15
6. SUMMARY OF MANAGEMENT RESPONSE	17
7. CONCLUSION	19
REFERENCE	21



FOREWORD

The central coordinating agency is pleased to present the annual internal audit report for the financial year 2016-2017. This 'report' is primarily aimed at informing the government about the internal audit engagements and how it helped the various agencies to underpin the internal control system. It is also aimed at reaching to all concerned ministry/agencies to seek necessary interventions to support and promote good governance.

The report provides the upshot of thematic audit on human resource management in the civil service of the Royal Government of Bhutan and seeks necessary intervention of the concerned stakeholders in devising effective and efficient internal control wherever necessary for improved civil service management. More importantly, it contains the analysis of the observations made in 10 Ministries, 2 Autonomous Agencies and 16 Dzongkhags in terms of Human Resource Management and the list of recommendations to be followed as a control and preventive measures.

While the report provide the readers with general idea of errors uncovered and remedial measures recommended by internal auditors, it is equally important to adhere to the principle of 'confidentiality'. Hence, certain specific details of the findings are omitted.

The CCA hope that the users find this report interesting and informative in addressing ubiquitous variances needing procedural changes while administering the human resource function. The internal audit service of Royal Government of Bhutan will continue to provide the professional services to the government agencies to promote good governance.

Pema Wangchen

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ACRONYMS

AFD	Administration and Finance Division
BCSR	Bhutan Civil Service Rules 2012
BGAIS	Bhutan Government Internal Audit Standards
CCA	Central Coordinating Agency for Internal Audit Service
CSIS	Civil Service Information System
EOL	Extra Ordinary Leave
ESP	Elementary Service Personnel
FRR	Financial Rules and Regulations 2001
FAM	Finance and Accounting Manual
GG Plus	Good Governance Plus Document 2005
GRA	Government Revenue Account
GSP	General Service Personnel
HRC	Human Resource Committee
HR	Human Resource
HRD	Human Resource Division
IAC	Internal Audit Charter
IAU	Internal Audit Units
IAS	Internal Audit Service
IIA	Institute of Internal Auditors
IPPF	International Professional Practice Framework
MDAs	Ministries, Departments and Agencies
MoF	Ministry of Finance
NIFC	National Internal Control Framework 2013
RGoB	Royal Government of Bhutan



GLOSSARY

The following is the priority rating for individual findings.

Rating scale for individual findings	
Critical	<p>Active management attention required as an extreme priority. Controls are not adequate to address the associated risk. A finding that could have a:</p> <ul style="list-style-type: none">• Critical impact on operational performance; or• Critical monetary or financial statement impact; or• Critical breach in laws and regulations that could result in material fines or consequences; or• Critical impact on the reputation or brand of the organization which could threaten its future viability.
High	<p>Active management attention required as a high priority. Controls are not adequate to address the associated risk. A finding that could have a:</p> <ul style="list-style-type: none">• Significant impact on operational performance; or• Significant monetary or financial statement impact; or• Significant breach in laws and regulations resulting in significant fines and consequences; or• Significant impact on the reputation or brand of the organization.
Medium	<p>Active management attention required as a moderate priority. Controls are not adequate to address the associated risk. A finding that could have a:</p> <ul style="list-style-type: none">• Moderate impact on operational performance; or• Moderate monetary or financial statement impact; or• Moderate breach in laws and regulations resulting in fines and consequences; or• Moderate impact on the reputation or brand of the organization.
Low	<p>Active management attention not required on priority. Controls are more or less adequate to address the associated risk. A finding that could have a:</p> <ul style="list-style-type: none">• Minor impact on operational performance; or• Minor monetary or financial statement impact; or• Minor breach in laws and regulations with limited consequences; or• Minor impact on the reputation of the organization.
Advisory	<p>A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.</p>

EXECUTIVE SUMMARY

The Internal Audit Units in ten Ministries, two Autonomous Agencies, and Sixteen Dzongkhags had conducted Forty Nine (49) thematic audit engagements in the past fiscal year (2016-17), besides other planned and ad-hoc engagements. Internal audit engagements were all risk prioritized, based on annual work plan approved by the Heads of respective agencies during that particular year. The engagements saw about Two Hundred and Sixty Six (266) uncertainties requiring attention of the management and process owners. Those findings were followed with recommendations intended to help the agencies minimize risk, strengthen internal control, and achieve organizational goals economically, efficiently and effectively. Amongst others, the internal audit reports had given (reasonable) assurances on efficiency and effectiveness of the human resources management of the audited government agencies relative to three internal audit areas of governance, control mechanism, and risk management.

This report consolidates the findings to identify all-pervading issues that pose challenges to human resources management in the general government in Bhutan. The report sorts the findings into two major categories of non-compliance and systemic deficiency. The cases that involve violation of the Bhutan Civil Service Rules (BCSR) and notifications thereof, and policies and procedures are grouped under non-compliance whereas findings like loopholes and procedural lapses requiring systemic interventions are grouped under systems deficiency. The report is primarily classified into six areas of human resources management in the offices under the Royal Government of Bhutan. The findings comprised of 95% non-compliance and 5% systemic flaws. Of the 266 observations raised, maximum variance of 25.94% involved Leave which includes 25.56% of



variation in non-compliance while selection and recruitment recorded the least observation with variance of 10.53%. The major findings related to systemic weakness were operational lapses which require intervention for strengthening systemic and other reforms. However, the engagements did not observe any systemic issue on personnel emolument and training. The recommendations ranged from restituting cash to reminding on the need to adhere and comply with the BCSR and FRR, and suggesting systemic interventions to prevent occurrences of similar lapses in future. The CCA opines that Internal Audit Units across the nation have reasonably conducted their audit engagements with respective agencies and have to some degree, contributed to improving operations' effectiveness in human resource management through evaluation of human resource policies, procedures, documentations and systems. Internal auditors will, as part of their annual work plan, follow up on all recommendations provided to respective agencies and report on the implementation status of each recommendation during the next fiscal year.

1. BACKGROUND

Internal Audit Service was first instituted in the Royal Government of Bhutan with Seventeen internal auditors spread across seven ministries in the year 2000 ensuing the Good Governance Plus document (2005) which was part of the many initiatives taken by the Government to realize His Majesty the Fourth Druk Gyalpo's desire of enhanced governance in the Country. The service was further reinforced with an executive order issued by His Excellency the Prime Minister of Bhutan on 17th May 2006 to develop and design strategies, and guidelines for Internal Auditors. Further the 86th session of National Assembly, June 2007 passed a

resolution to have an internal auditor each in all Dzongkhags. Since then, the Internal Audit Service has come a long way. In our previous annual report, it was reported that internal auditors cater to 32 agencies with 48 internal auditors covering 89% of the total budgeted expenditure. Currently, there are 41 internal auditors catering to 25 central and local entities representing 78.10% of the total budgeted expenditure through functioning internal audit units (*see appendix ii*).

The Central Coordinating Agency as dedicated body for developing proper professional competency of internal auditors assigned with various government agencies, has been striving towards improving effectiveness of internal audit services through various modalities since its establishment. In keeping with the International Standard, internal audit thus far has a Charter that formalizes the position of internal audit in the RGoB setting and provides a framework within which to function. There is also a Code of Ethics specifically designed to guide ethical behaviors of internal auditors and a Manual to guide the internal auditors through the course of audit activity. The CCA has also produced practice guidelines like ‘Reporting Template’ and ‘Standard Operating Procedure’ to auditing procurement, human resource management, and property management and civil service welfare scheme.

A notable development in the current fiscal year is the launch of Bhutan Government Internal Audit *Standards* (BGIAS) by His Excellency the Finance Minister in January 2018. The BGIAS is a milestone achieved in the history of Internal Audit Services of government in Bhutan, as it provides a framework for performing and promoting a broad range of value-added internal auditing services besides establishing the basis for the evaluation of internal audit performance. While the concepts



enunciated in the original International Professional Practice Framework (IPPF) have been preserved in the BGIAS, Interpretations clarifying terms or concepts within the *Standards* are localized to suit the context in RGoB Setting. With the implementation of BGIAS, CCA aspires that quality of internal audit delivery will be enhanced which in turn will foster improved organizational processes and operations of host organization while keeping abreast with the changes in internal audit functionalities at international level.

The Ministry of Finance in keeping with the principle of transparency, accountability, efficiency and effectiveness enunciated in the GG Plus (2005), has published the National Internal Control Framework (NIFC) in December 2013. The NIFC calls for effective internal control through management of five major risk categories comprising financial management, property management, procurement management, HR management and Information and technology. As part of paradigm shift in the internal audit approach based on the NIFC document, theme based audit approach was first initiated in the fiscal year 2015-16. The audit of Human Resource Management for thematic audit was agreed during the internal audit conference held in Paro from 25 to 29 July 2016. The theme was chosen based on extensive deliberation among internal auditors and prioritized five distinct sub-areas in consequent to the risk assessment conducted during the conference.

2. OBJECTIVE

The purpose of this report is to appraise the Government on the results of the internal audit works as accomplished by 26 internal audit units across 26 Government agencies on annual basis and also to reach out to

relevant authorities with cross-cutting issues that warranted either policy or structural reforms to enhance risk management, control mechanism and governance systems for effective human resource management. Whilst this report is a key element of the framework designed to inform the Government on the functions of the Internal Audit Service, it does not supplant the Government's responsibility for forming its own view on governance, risk management and control. The report does not include specifics of the observations made in various entities to retain confidentiality of information required by the Code of Ethics for Internal Auditors.

3. SCOPE

While there is no limit to what Internal Auditors can cover so long as it adds values and contributes to the achievement of organizational goals, the content of this report, by and large, is limited to human resource management and covers five specific areas; selection and recruitment, transfer, personnel emolument, leave, and training and covers reviews performed for the financial year 1st July 2016 to 31st June 2017.

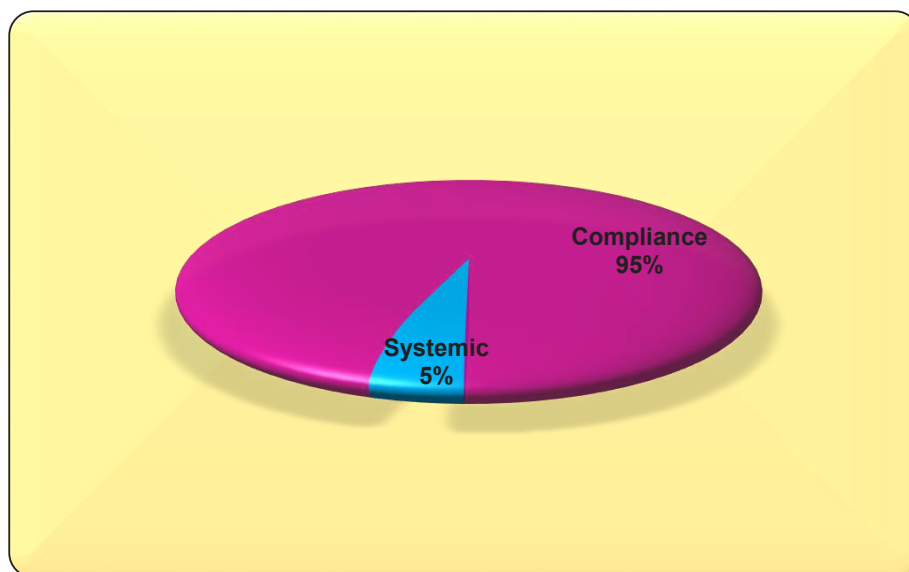
4. THE ANALYSIS OF OBSERVATIONS

Of the Forty Nine audit engagements on human resource management, up to 55.10% were carried out in 10 line Ministries, while 40.82% were carried out in 13 Dzongkhags and 4.08% in two Autonomous Agencies. The ratio doesn't speak much on making comparison between the local government and the central agencies in terms of internal audit coverage, since some internal audit units did not carry out thematic audit on



HR management and some Dzongkhags have no presence of internal auditors following their departure to other profession during the year. The Two Hundred and Sixty Six (266) errors and queries raised in the audit activities were 95% related to non-compliance and 5% related to systemic deficiencies (See fig.1). This is mainly due to the lack of manpower and professional knowledge on the conduct of performance audit which is why most discrepancies reported in the engagements pertain to compliance issues.

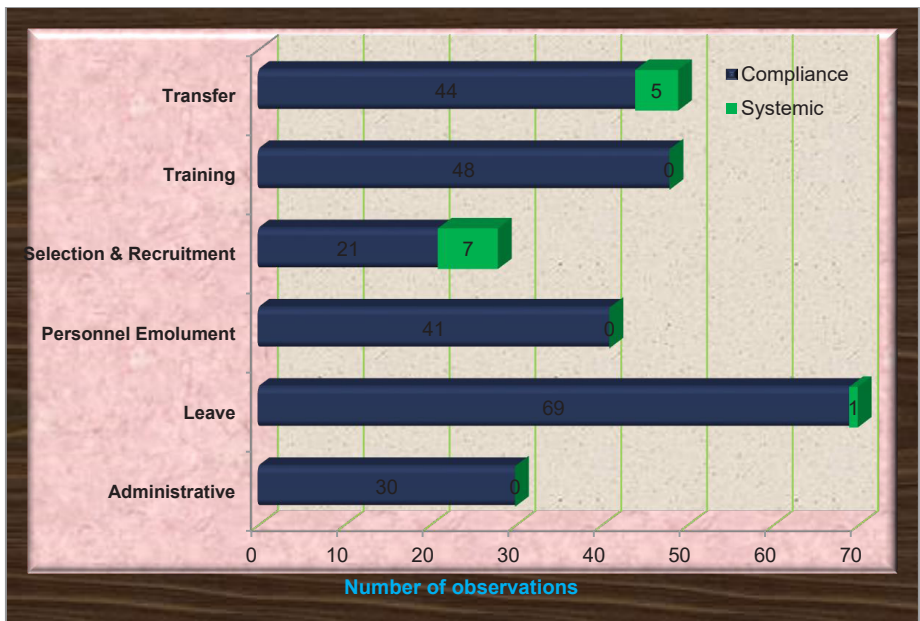
FIGURE 1: SHARE OF LAPSES IN VARIOUS CATEGORIES



Majority of the errors and queries (87.97%) did not involve financial impropriety. This indicates that audit engagements on human resource management was not only concentrated with financial aspects. The engagements were mostly directed towards systemic and regulatory compliance to existing laws and highlighted gaps that needs intervention of process owners.

However, the remaining 12.03% of observations highlighted were illegitimate payment of Nu.7.059 million to civil servants. Payment of ineligible Personnel emolument was the sole contributor to the financial impropriety. Some of the common findings involving financial irregularities are wrong pay fixation and payment of inadmissible remuneration during long term study leave and EOL. The following figure (Fig.2) illustrates the number of observations made in different areas of human resource management on which internal audit engagements were conducted.

FIGURE 2: SHARE OF LAPSES IN VARIOUS CATEGORIES





4.1 ADMINISTRATIVE

Audit findings related to procedural lapses in administration of human resources such record keeping on attendance, service book, conflict of interest declaration, and personnel file management are grouped under 'administrative' in this report. Administrative lapses account for 11.28% of total irregularities uncovered and comprised only of non-compliance issues while managing the human resources by the audited agencies. The most pertinent compliance issues was related to inadequate management of records of employees in the service books which has resulted in irregular updates of leave, marital status and the remapped position level and sub level of civil servants with career progression reforms. The other errors highlighted were poor maintenance of attendance register of employees, lack of proper storage facilities of HR documents, and non-compliance to the HRC resolution on job responsibility and job delegation of ESP and GSP staffs. Non-declaration of conflict of interest while serving as members in recruitment and selection committee, tender committee and tax assessment teams was also emphasized by the internal auditors. Furthermore, a lapse pertaining to non disclosure of deduction of (semso) contribution from salary of employees by the accounts section of the audited agencies was also highlighted.

4.2 LEAVE AND PERSONNEL EMOLUMENT

The significant variance was observed by the auditors on the administration of leave and personnel emolument in the audited agencies, and opportunities to strengthen the management control

framework to articulate roles and responsibilities for leave management and to improve timeliness for updating and reconciliation of data were also highlighted.

Many of the lapses were related to the weak coordination and communication between Human Resource Division and Accounts Sections, and poor maintenance of records of leave which has resulted to the inadmissible payment of pay & allowances, house rent allowances, professional allowances, Leave Travel Concession and Leave Encashment to employees during Extra Ordinary Leave and Long term studies amounting to Nu.4.016m in deviation to BCSR 2012. This has also resulted in remittance of excess contribution of GPF amounting to Nu.0.147m.

According to the reports, few instances of procedural lapses were observed. Instances of leave being approved by the agencies without the consent of the HR committee, leave accrued to employees on long term studies, probation period and EOL, medical leave order not endorsed to AFD for updates, non submission of medical certificate after availing medical leave and inadmissible payment of difficulty allowances are the violation of BCSR. Further, it was observed that Human Resource Division had sanctioned and issued orders for leave encashment and increment to the employees without complying with the provisions of delegation of financial power (FRR 2001 and 2016). In addition, the excess/wrong payment of pay & allowances to the tune of Nu.0.579 million has been mentioned upon the adoption of revised pay scale in the year 2014.



4.3 SELECTION AND RECRUITMENT

The audit engagements ascertained 28 irregularities on selection and recruitment corresponding to 10.53% of the total observations (*see Table 1*). In absolute terms, there were 21 observations under non-compliance to Civil service Rules and Regulations and 7 systemic observations related to staff strength of pararegular employees. None of the observations pertained to selection and recruitment of regular employees, indicating that the civil service rules are reasonably complied while recruiting regular civil servants. However, gaps between approved manpower strength and existing strength are observed in both central agencies and local governments. In Dzongkhags, shortage of accounts personnel, drivers and stores personnel are observed in central schools while Dungkhags had the shortage of municipal engineers.

A pervasive noncompliance issue encompassing most agencies was with the recruitment of Elementary Service Personnel (ESP) and General Service Personnel (GSP). Lack of approved staff strength sought for ESP/GSP from the Royal Civil Service Commission, selection of underage pararegular employee and non renewal of ESP/GSP service are some of the critical issues observed during the engagement. Other compliance issues relate to improper maintenance of selection documents and if maintained not properly updated, non-declaration of conflict of interest by selection and recruitment panel, and deviation from set criteria in selection of foreign transfer. A Further analysis of the systemic deficiencies resonate that the lack of fixed staff strength for ESP and GSP employees complicated the compliance to BCSR as agencies recruited such employees as and when required without proper strategic plans.

TABLE 1: COMPOSITION OF VARIOUS LAPSES IN PERCENT

Areas/Number of observation	Number/Percent of observation							
	Compliance	% of total compliance	Systemic	% of total systemic	Total	% Compliance	% Systemic	%Total
Administrative	30	12%	0	0%	30	11.28%	0.00%	11.28%
Leave	69	27%	1	8%	70	25.94%	0.38%	26.32%
Personnel Emolument	41	16%	0	0%	41	15.41%	0.00%	15.41%
Selection & Recruitment	21	8%	7	54%	28	7.89%	2.63%	10.53%
Training	48	19%	0	0%	48	18.05%	0.00%	18.05%
Transfer	44	17%	5	38%	49	16.54%	1.88%	18.42%
Total	253	100%	13	100%	266	95.11%	4.89%	100%

4.4 TRAINING

As represented by table 1 above, non-compliance to the provisions regulating training as laid out in the BCSR had the third highest observations among other variances. There were 48 irregularities that correspond to 18.05% of the total observations during the scope period under review. Systemic flaws were not observed in administering training, seminar and workshops during the audit engagements. The audit findings unveiled discrepancies in weak internal control on training nomination and approval, training obligations and record maintenance, and non-existence of training master plan. Of these observations, flaws in training approval and non-fulfillment of training obligation are two issues that



were observed repetitively in most agencies. Paucity of data base on trainings availed by civil servants due to irregular and incomplete update of records in CSIS was determined as the main cause of this variance. Some engagements also encountered incidences of ineligible employees such as those on probation period, contract and ESP employees sent for training which could have been prevented if due process of training nomination and approval by HRC was complied strictly. Further, an incidence of official failing to report to the duty station within the stipulated time after completion of the training was also noticed. In one engagement, internal auditors pointed out payment of ineligible enforce halt charges to some employees. In another case, inconsistent training opportunities and unequal distribution of such opportunities was featured as consequence of non rationalization of training frequencies by concerned HRD. Some engagements also reported incidences of training and study obligations which were overlooked and service records including training histories were also erroneously recorded.

4.5 TRANSFER

The second highest variance was observed in transfer management. There were 49 discrepancies comprising 16.54% non-compliance and 1.88% systemic of the total observations. The non-compliance issues pertained to absence of updated list of eligible employees for transfer, prolonged stay at one place of posting, transferee relieved without proper handing and taking, and payment of inadmissible transfer grants. A common observation in most audited agency was the retention of civil servant listed under vulnerable category after the issuance of transfer order without proper justification. Non reflection of reason for transfer on

transfer order is found to be misleading the offices to sanction transfer grants even when the employee does not fulfill the conditions laid down in BCSR for such benefit.

Contradiction of clauses in Teacher Human Resource Policy 2014 with BCSR 2012 and mismatch of major occupation group due to re-deployment of employee are some systemic issues unveiled during the audit of human resource management.

Reports also highlighted impracticality of uniform application of transfer provisions due to the nature of job and requirement of expertise in particular field. t properties were poorly implemented thereby increasing the risk of loss.

5. SUMMARY OF RECOMMENDATIONS

The recommendations to lapses observed in various agencies ranged from cash restitutions of Nu.7.059 million, to safekeeping of personnel records by establishing proper storage facilities. Clear and up to date information in the personal files and service book is an important reference point to make all human resource development and management decision. Therefore, specific recommendations were provided for timely update of employee records both in service book and CSIS to have data accuracy when required. Further, the management was advised to institute a proper system of verifying the attendance records of employees on a periodic basis to ensure maintenance of proper leave records and update HR information of individual civil servants as prescribed in the Civil Service Rules. This shall be basis of drawing Personnel emoluments as



per the provisions of FAM. The management was also advised to review job delegation approved by HRC to improve effective management of manpower and update the remapped position level and sub level in the service book of the civil servants. Disclosure of conflict of interest by the committee members of tender and tax assessment was recommended as well.

The key recommendation in the internal auditors' reports to improve effectiveness and efficiency of leave management was to institute adequate internal controls by HRD. If records of leave are appropriately maintained in personnel files and shared timely to the AFD, the same can be updated in the payroll systems in time, thereby reducing instances of inadmissible emolument payments. Additionally, it was also suggested to adjust the inadmissible accrued leave from the current leave balances of the employee. Furthermore, recovery of inadmissible personnel emoluments disbursed to the employees during EOL and long term studies, and access payment of salary due to wrong pay fixation was also recommended. However, recovery of inadmissible payments alone would not root out occurrence of such lapses, hence revisit on the provisions for pay fixation in civil service rules and integration of CSIS with PEMS for reconciliation purpose was recommended for long term solution. The HRD was advised to refrain from exercising financial powers and incurring expenditures unless delegated by the competent authorities. Also, it was suggested to make necessary correction in pay scale and accordingly, recover/pay arrears to the employee affected by the wrong pay fixation.

Adherence to civil service rules was recommended in most observations to reduce non-compliance and minimize risk of underutilizing the

human resources. It was recommended that HR committees be represented adequately and all members disclose conflict of interest. On the selection and recruitment of pararegular civil servants, the need for approved staff strength sought from RCSC was recommended to keep the growth of non regular employees within the carrying capacity of the nation. In order to give equal training opportunities, rationalization of training frequencies and distribution of trainings among all levels of employees was recommended.

To enhance objectivity in delivering services, it was recommended that officials be transferred on regular basis and encourage job rotation, especially for those positions that are vulnerable to corruption. It was also suggested to have an internal transfer policy within the parent agencies to implement annual transfer as per the provisions of BCSR. Generic and repeated recommendations included compliance with the Bhutan Civil Service Rules and Financial Rules & Regulations.

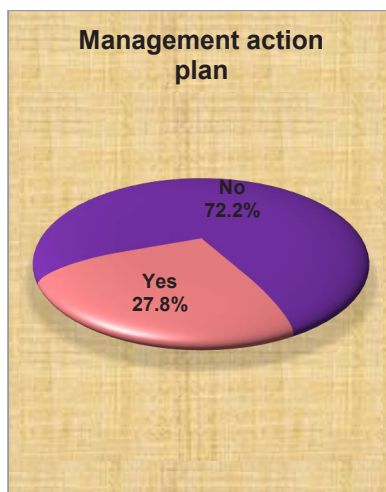
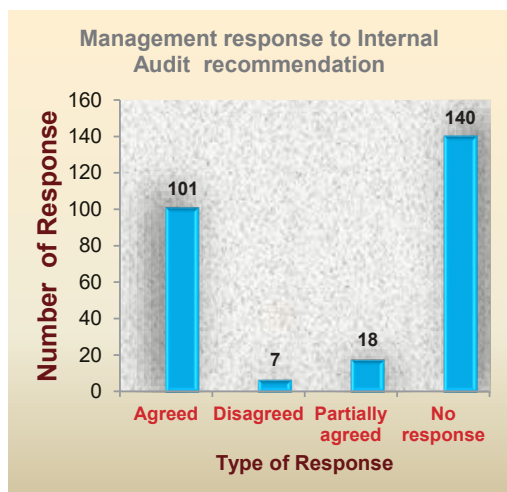
6. SUMMARY OF MANAGEMENT RESPONSE

The final internal audit report includes verbatim of management response to the recommendation provided by internal audit. The response consists of three components: whether management agrees or disagrees with the finding and recommendation, the management's action plan to address the recommendation, and a time line for implementation. The internal audit further reviews these responses to determine the appropriateness of corrective action proposed and reasonableness of time frame within which the action will be implemented. If the management chooses not to respond or implement a corrective action, it is implied that the



management is assuming the risk highlighted by the report. Therefore, management response is crucial both for the auditee and auditor as it provides an avenue to monitor the implementation of corrective action on one hand and a measure of how much value is placed on the service delivery of internal auditors by the end users on the other.

The following charts display the summary of management response provided to forty nine engagements which reported two hundred and sixty six errors and deficiencies in management of the human resources.



As depicted by the bar graph, of the 266 recommendations provided, 140 recommendations had no management responses incorporated in the final audit report. If anything, this means that those recommendations provided either did not attract the necessary intervention of the process owners or the final reports were issued before the incorporation of such response. However, the process owners fully agreed to 101 recommendations while 18 recommendations were partially agreed. Seven recommendations were disagreed by the management citing

reasons that include the errors detected not within the control of management, irrelevance to HR functions and no practical benefit of implementing the recommendations provided.

The pie chart further sub-categorizes those responses in agreement with recommendations provided into two; with management action plan and without management action plan. This sub-categorization indicates whether or not management will implement the corrective action within a time frame. As displayed by the portion, management responses without action plan far exceed those with an action plan. This however, does not include those responses which indicated action plan without a time frame and those not incorporated in the final reports.

In most cases, where management agreed to the recommendations provided, the process owners lauded the proactive role played by internal auditors and indicated for immediate measures to curb irregularities. These include implementation of uniform leave application form for advising line managers and sub-ordinates to be vigilant in future. Recovery of illegitimate remuneration paid, seeking deferment of study obligation from the RCSC, collection of missing documents, and post training knowledge sharing are some other measures indicated for implementation.

7. CONCLUSION

The audit engagements on human resource management in the last fiscal year signify maximum variance in leave management, and the least in selection and recruitment. In the observation categorized under administrative, majority of errors were uncovered in personnel



record management. Some reports also highlighted on incomplete data in service book and CSIS, lack of proper storage facilities for safe custody of HR documents, and insufficient knowledge and skills of HR administrative to handle the process. The majority of the reports recommended for compliance with the prevailing BCSR and financial management guidelines.

The findings read along with management responses are more useful in depicting how internal audit services are utilized in agencies under the Royal Government of Bhutan, and gauging its performance against the International Standards for the Professional Practice of Internal Auditing (Standards) formulated by the Institute of Internal Auditors. The thematic audit approach adopted by RGoB internal auditors is a paradigm shift from the traditional transaction based approach of internal audit to risk based auditing which is believed to have enhanced effectiveness in the service delivery of public sector internal auditors. The actual impact of this paradigm shift can be reaped in coming years and as a result the adversary outlook towards internal audit in the public sector is expected to decline.

Through this report, the Central Coordinating Agency, Ministry of Finance would like to call upon the Heads of Ministries, Dzongkhags and Agencies to recognize Internal Audit Service as one of the important in-house management tools to mitigate risk, enhance control and improve governance in your organization and accordingly make best use of the Internal Auditors available. The CCA on its part, to steer the Service in the Royal Government of Bhutan towards professional internal auditing, will continue to work towards developing professional competency and proficiency of all RGOB internal auditors.

The reports jointly indicate low compliance to the service rules, in particular the BCSR 2012.

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APPENDIX I

The following are some of the major findings of the internal audit engagements during the financial year 2014-15. For the purpose of confidentiality, specifics to that of findings including the source of the information and amount were purposely excluded from featuring here.







Audit area	Common errors and queries	Report Classification	Recommendation
Administrative	Inadequate management of records of employee in the service books		Maintain up-to-date information in personal files and service books of the civil servants as per provisions of BCSR.
	Poor maintenance of attendance register of employees		Institute proper system of verifying the attendance records of employee on periodic basis and update HR information of individual civil servants as prescribed in the Civil Service Rules.
	Lack of proper storage facilities of HR documents		Identification and establishment of proper storage facilities
	Non-compliance to the HRC resolution on job responsibility and delegation of ESP and GSP staffs		Review job delegation as per the HRC resolution and update the remapped position level and sub level in the service book of the civil servants
	Non declaration of conflict of interest while serving as committee members in recruitment and selection, tender and tax assessment committee		The committee members of tender, tax assessment and, recruitment and selection to disclose conflict of interest while participating in committee meetings










Administrative	Non disclosure of contribution (semso) deduction from salary of employees by the accounts section of the audited agencies		The AFD should disclose the details of deduction made from the salary of the employee to each employee
Leave & Personnel Emolument	Poor maintenance of Leave record		Institute an adequate control by HRD to ensure that records of leave are appropriately maintained in personnel files and shared timely to the AFD for update of information in the payroll systems.
	leave accrued to employees on long term studies, probation period and EOL		Inadmissible accrued leave to be adjusted from the current leave balances of the employee.
	Inadmissible payment of pay & allowances, house rent allowances, professional allowances, Leave Travel Concession and Leave Encashment		Recover the payment made to the employees during EOL and long term studies
	Human Resource Division had sanctioned and issued orders for leave encashment and increment to the employees without complying with the provisions of delegation of financial power		HRD to refrain from exercising financial powers and incurring expenditures unless the financial powers are delegated to them by the competent authorities

Leave & Personnel Emolument	The excess/wrong payment of pay & allowances due to pay revision		Make necessary correction in pay scale and accordingly, recover/pay arrears to the employee affected by the wrong pay fixation
Selection & Recruitment	selection of underage pararegular employees		Selection committee to thoroughly verify application forms for eligibility
	Lack of Approved ESP/GSC staff strength		seek approved staff strength for ESP/GSP employees and update the existing strength against the approved strength
	Service of General and Elementary employees not renewed as per provisions of BCSR		update the ESP and GSP's extension on time and institute proper system in line with the rules
	ESP and GSP not been benefited by PF and GIS scheme due to contradiction of statement in clause and annexure in BCSR 2012		HR Section may raise the issues with appropriate authority to bring uniformity
	No Agreement for General and Elementary Service		All ESP and GSP must enter into agreement
	Lack of documentation for contract employees		Carry out periodic review of the contract employees to rule out ad-hoc recruitments by line departments and divisions.
	Human Resource gaps not filled		Review the RCSC approved HR projections and fill in the vacant posts.



Selection & Recruitment	need for trained HR manager in Dungkhag		Train HR focal person in handling CSIS and record keeping.
Training/ seminar/ workshop	Nomination and approval of employees for training without HRC approval		Rationalize frequencies and distribute equal training opportunities to all the employees as laid in the BCSR
	Training gap requirement flaunted		Chanel all Training through HRD which should ensure strict compliance to training gap as provisioned in the BCSR.
	Contract and employees on probation period sent for Ex-country training		Adhere to the eligibility criteria for Trainings set out in BCSR.
	Seminar/workshop of more than 5 days not treated as short term training		HRD should maintain proper records of seminars/workshops attended by employees and categories them accordingly
	Inconsistency in training opportunities		Rationalize frequencies and distribute equal training opportunities to all the employees as laid in the BCSR

Transfer	Retention of employee under vulnerable group after the issuance of transfer order.		Management should take up the matter with concerned HRD of the parent agency to sort out issues.
	non reflection of reason for transfer on transfer and relieving order		The reason for transfer should be reflected on both transfer and relieving orders to determine eligibility for payment of transfer grants.
	Transferred employee not relieved on time without justification		Delay should be routed through HRC and proceedings be recorded
	Absence of transfer plans developed by Dzongkhag HRC		HRC should develop transfer plans based on vulnerability group provisioned in BCSR
	Incomplete transfer documents submitted by employee on transfer.		Ensure complete transfer documents are furnished at the time of joining
	Intra transfers done based on recommendation from concerned sector heads & not reviewed by HRC.		All transfers should be routed through HRC for transparency
	Ineligible transfer grants paid		Ensure eligibility to transfer grants before accord of approval



APPENDIX II

Au Code	Name of Agency	Current	Capital	Total	% Coverage
Total Budgeted expense of RGOB 2017-18				57,915.71	100.00%
201.01	MoHCA	1,842.053	1,122.556	2,964.609	5.12%
202.01	MoF	8,607.553	4,473.163	13,080.716	22.59%
203.01	MoFA	680.807	41.895	722.702	1.25%
204.01	MoAF	2,078.694	1,248.120	3,326.814	5.74%
205.01	MoEA	276.618	1,082.811	1,359.429	2.35%
206.01	MoWHS	642.123	8,587.318	9,229.441	15.94%
207.01	MoIC	260.516	852.747	1,113.263	1.92%
208.01	MoH	932.175	1,439.928	2,372.103	4.10%
209.01	MoE	565.910	1,424.012	1,989.922	3.44%
210.01	MoLHR	264.704	773.376	1,038.080	1.79%
401.01	Chukha Dz	549.304	157.410	706.714	1.22%
402.01	Haa Dz.	209.983	177.007	386.990	0.67%
405.01	Tsirang Dz.	314.035	116.290	430.325	0.74%
406.01	Dagana Dz.	387.103	252.399	639.502	1.10%
407.01	Punakha	401.476	135.710	537.186	0.93%
408.01	Wangdue Phodrang Dz.	462.796	238.504	701.300	1.21%
411.01	Zhemgang Dz.	356.850	121.130	477.980	0.83%
412.01	Trongsa Dz.	272.676	213.017	485.693	0.84%
413.01	Lhuntse Dz	256.984	127.977	384.961	0.66%
415.01	Pema Gathsel Dz.	402.487	188.695	591.182	1.02%
416.01	Samdrup Jongkhar Dz.	402.453	151.655	554.108	0.96%
417.01	Trashigang Dz.	803.042	273.659	1,076.701	1.86%
419.01	Gasa Dz	119.363	112.518	231.881	0.40%
115.01	Land Commission Sect.	163.194	30.005	193.199	0.33%
124.01	Thimphu Thromdee	550.065	87.005	637.070	1.10%
Total		21,802.964	23,428.907	45,231.871	78.10%



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