

རྒྱལ་གཞི་ཁྲིམ་ཞིབ་དབང་འཛིན།  
**ROYAL AUDIT AUTHORITY**  
*Bhutan Integrity House*

Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



Ref No.Cert/RAA/GGD/BF/2009/ 15699

Date: 2/2/09

The Program Director  
Bhutan Foundation,  
Post Box 255,  
Thimphu: Bhutan

**Subject: Audit Report on the Accounts and Operations of the Bhutan Foundation (Bhutan Office) for the period 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2008.**

Madam,

Enclosed herewith please find the *audited Financial Statements and auditors' report thereon* in respect of the Current Deposit Account No. 41892013 pertaining to the Bhutan Foundation for the fiscal year ended 31<sup>st</sup> December, 2008.

We acknowledge the kind co-operation and assistance extended to audit team by the officials of Bhutan Foundation Office, which facilitated the timely completion of the audit.

Yours Sincerely,

  
(Jamtsho)  
Chief Audit Officer



Copy to:

1. Hon'ble Secretary, Ministry of Home & Cultural Affairs, Thimphu;
2. The Follow-up & Clearance Division, Royal Audit Authority, Thimphu;
3. The Policy, Planning and Annual Audit Report Division, RAA, Thimphu;
4. Office Copy & Guard file.

*Every individual must strive to be principled.  
And individuals in positions of responsibility must even strive harder*

# 1. REPORT:

Report on the Audit of Accounts & Operations of the Bhutan Foundation (Bhutan Office).

## 2. Report of Agency:

SL. NO.	NAME	DESIGNATION
1.	Ugye Chetson	Inspector General

## 3. PERIOD COVERED BY AUDIT: 01.01.2008 - 31.12.2008

## 4. AUDIT PLAN:

## 5. SCHEDULE OF AUDIT: 01.01.2009 - 31.03.2009

## 6. ENGAGEMENT LETTER: 01.01.2009 - 31.03.2009

## 7. NAME OF INSPECTING TEAM:

SL. NO.	NAME	DESIGNATION	PH. NO.
1.	Ugye Chetson	Inspector General	9801111111



### DISCLAIMER NOTE

The coverage of this report is based on facts, figures and information made available and accessible to the audit team by the Bhutan Foundation (Bhutan Office). The opinion of the auditor(s) shall only confine to the period covered and facts made known at the time of this issue of report.

This is also to state that the auditor(s) during the audit had neither yielded to pressure, nor dispensed any favor or resorted to any unethical means that would be considered as violation of the Royal Audit Authority's Code of Good Conduct, Ethics and Secrecy.



## TITLE SHEET

1. REPORT:

**Report on the Audit of Accounts & Operations of the Bhutan Foundation (Bhutan Office).**

2. Head of Agency:

SL. #	NAME	DESIGNATION
1.	Ugen Chhoden	Program Director

3. PERIOD COVERED BY AUDIT

**: 01.01.2008 – 31.12.2008**

4. AUDIT PLAN

**: Ad-hoc**

5. SCHEDULE OF AUDIT

**: 26.08.2009- 31.08.2009**

6. ENGAGEMENT LETTER NO.

**: RAA/GGD-71/Bhutan Foundation/2009-2010/15527 dated 24.08.2009**

7. NAME OF INSPECTING TEAM:

SL. #	NAME	DESIGNATION	EID No.
1.	Jigme Dema	Asstt. Audit Officer	200901043

8. SUPERVISING OFFICERS:

SL. #.	NAME	DESIGNATION	EID No.
1.	Jamtsho	Chief Auditor	9306015



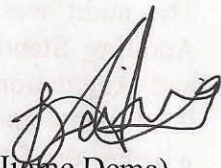
## AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS OF BHUTAN FOUNDATION OFFICE

1. The Royal Audit Authority audited the Financial Statements of the Bhutan Foundation (Bhutan office) for the period 1<sup>st</sup> January, 2008 to 31<sup>st</sup> December, 2008 as required under the Audit Act of Bhutan 2006. The RAA has conducted the audit of accounts and operations in terms of letter BF/Gen/09/0089 dated 12.8.09 of the Program Director. The Financial Statements included the following and is attached herewith the report:-
  - i. Receipt & Payment Statement;
  - ii. Grant Receipt Statement;
  - iii. Grant Disbursement Statement;
  - iv. Operational Expense Statement;
  - v. Statement of Income and Expenses for the year ending 31.12.2008
  - vi. Balance Sheet as at 31.12.2008
2. The preparation of above Receipt and Payment Statements is the responsibility of the Bhutan Foundation (Bhutan office). The responsibility of the RAA is to express an opinion on these financial statements based on the audit conducted by it.
3. The audit was conducted in accordance with the Generally Accepted Auditing Standards and in conformity with the General Auditing Rules and Regulations (GAAR) of Bhutan. These standards require that the RAA plans and performs the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes determining on the test basis, evidence supporting the amounts and disclosures in the financial statements. The RAA believes that its audit provides a reasonable basis for its opinions.
4. Based on the examination of accounts and records made available and information and explanations provided, the Royal Audit Authority reports that in its opinion the above Financial Statements read together with supporting schedules and documents, which are in agreement with the accounting records maintained, fairly present the operations of the Bhutan Foundation (Bhutan Office).
5. The RAA further reports that:
  - 5.1 The Bhutan Foundation during the financial year under review had a total fund of Ngultrum 29,920,633.66, with the opening balance of Ngultrum 2,011,594.82 from the previous financial year and a total grant of Ngultrum 27,909,038.84 received from its Washington DC office.

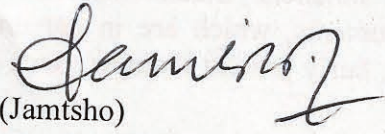


- 5.2 While Ngultrum 20,022,004.32 had been disbursed to the beneficiary organizations, Ngultrum 2,333,809.61 has been incurred towards its operational expenses.
- 5.3 As at 31<sup>st</sup> December, 2008 there was a cash balance of Ngultrum 16,155.00 with the Foundation, and a bank balance of Ngultrum 7,548,664.73 in its Current Deposit Account No. 41892013 maintained with the Bhutan National Bank Limited, Thimphu.
- 5.4 As on 31<sup>st</sup> December, 2008 the Bhutan Foundation had an outstanding advance of Ngultrum 124,093.39. These advances are yet to be adjusted for and recovered. The details of the advances are given in *Annexure – D*.
- 5.5 The Bhutan Foundation office had Ngultrum 65,855.00 payable to the employee(s) on account of employee loan/advances as at 31<sup>st</sup> December, 2008.
- 5.6 The accounts have been prepared in an accounting package commonly known as Quick Book.
6. The RAA has obtained all information required for the auditing purposes.



  
(Jigme Dema)  
**Asstt. Audit Officer**

**Concurred and Noted by:**

  
(Jamtsho)  
**Chief Auditor**  
**General Governance Division**

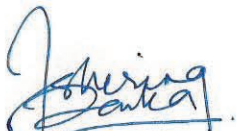


**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**

**Receipt & Payment Statement**

1-Jan 2008 to 31-Dec 2008

Receipts			Payments		
Opening Balance			Restricted Grants	Schedule 'B'	15,550,662.32
Cash	Balance Sheet 2007	(129.00)	Unrestricted Grants	Schedule 'C'	4,471,342.00
Bank	Bank Statement 2007	2,011,723.82	Operational Expenses	Schedule 'D'	2,333,809.61
Total Opening Balance		2,011,594.82	Total Payments		22,355,813.93
Receipts from Washington DC	Schedule 'A'	27,909,038.84	<b>Total Fund Balance</b>		<b>7,564,819.73</b>
			<b>Cash</b>	Balance Sheet 2008	<b>16,155.00</b>
			<b>Bank</b>	Bank Statement 2008	<b>7,548,664.73</b>
<b>Total Fund</b>		<b>29,920,633.66</b>	<b>Total Fund</b>		<b>29,920,633.66</b>

  
Tshering Denka  
Program Officer

   
Ugen Choden  
Program Director





**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**

1-Jan 2008 to 31-Dec 2008

Schedule to the Accounts for the year ended 31st December 2008

**Schedule A: Transfers from Washington DC Office**

Sl. No.	Particulars	Amount
1	Transfer of \$100,000 @ Nu.40.09 minus charges	4,008,518.92
2	Transfer of \$200,000 @ Nu.41.97	8,393,496.36
3	Transfer of \$125,000 @ Nu.46.05	5,755,697.40
4	Transfer of \$75,000 @ Nu.49.50	3,711,906.00
5	Transfer of \$125,000 @ Nu.48.32	6,039,420.16
	<b>GRAND TOTAL</b>	<b>27,909,038.84</b>

  
Tshering Denka  
Program Officer



  
Ugen Choden  
Program Director





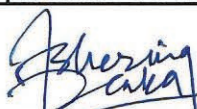
**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**  
1-Jan 2008 to 31-Dec 2008

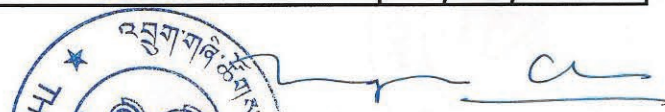
**Schedule B: Details for Grant Payment (Restricted)**

Sl. No.	Particulars	Amount
1	Center for Media & Democracy	72,022.50
2	Bhutan Agro Industries	399,500.00
3	CSO Project	23,349.00
4	Ministry of Home & Cultural Affairs	1,718,558.37
5	Loden Foundation	518,760.00
6	Music of Bhutan Research Center	671,175.00
7	RENEW	34,353.00
8	RSPCA	1,481,541.00
9	Scholarship (Sangey Maurer)	209,850.00
10	Tamshing Monastery Project	129,886.00
11	Tarayana Foundation	882,411.75
12	Research Grant (Om Katel)	247,500.00
13	YDF	5,390,854.00
14	WWF Bhutan	3,572,741.70
15	Ugyen Wangchuck Institute for Conservation and Environment	198,160.00
	<b>GRANT TOTAL</b>	<b>15,550,662.32</b>

**Schedule C: Details for Grant Payment (Unrestricted)**

Sl. No.	Particulars	Amount
1	Animal Welfare Project	680,909.00
2	Center for Media & Democracy	1,997,500.00
3	Emergency Medical Services Project	213,636.00
4	Loden Foundation Foundation	495,000.00
5	Ministry of Home & Cultural Affairs (Coronation Contribution)	230,250.00
6	Multi Media Project	68,114.00
7	Paro Community Project	60,180.00
8	Journalism Scholarship	285,856.00
9	Voice for Environment	21,225.00
10	RSPN Ccapacity Building	184,200.00
11	YDF Scholarship	5,660.00
12	YDF Capacity Building	184,668.00
13	Partner Project	11,870.00
14	Humane Society International Project	32,274.00
	<b>GRAND TOTAL</b>	<b>4,471,342.00</b>

  
Tshering Denka  
Program Officer

  
Ugyen Choden  
Program Director





**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**  
1-Jan 2008 to 31-Dec 2008

**Schedule D: Operating Expenses**

Sl. No.	Particulars	Amount
	Advertising Expenses	187,500.00
	Fundraising & Donor Relations	539,215.48
	Hospitality & Entertainment	7,383.00
	Maintenance of Vehicles, Fuel & Insurance	18,000.00
	Office Equipment	8,056.00
	Op Exp. Service Charges	91,026.00
	Printing & Publication	127,348.00
	Supplies & Materials	58,400.00
	Travel & Meetings	444,775.00
	Utilities - Electricity & Water	6,080.00
	Utilities - Postage & Bank Charges	21,715.00
	Utilities - Telephone & Internet	134,563.75
	Provident Fund	21,580.65
	Provident Fund Employee Contribution	21,580.65
	TDS & Health	16,081.08
	Pay & Allowance	530,505.00
	Employee Loans	100,000.00
	<b>GRAND TOTAL</b>	<b>2,333,809.61</b>

  
Tshering Denka  
Program Officer

  
 Ugen Choden  
Program Director





**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**  
**TRIAL BALANCE**  
**1-Jan 2008 to 31-Dec 2008**

*SCHEDULE - E*

Particulars	Closing Balance	
	Debit	Credit
<b>Opening Balance</b>		<b>2,011,594.82</b>
Cash		(129.00)
Bank		2,011,723.82
<b>Current Liabilities</b>		<b>199,135.00</b>
Accounts Payable (Salary)		65,885.00
TDS & Health Contribution		39,931.00
Provident Fund		46,659.50
Provident Fund Employee Contribution		46,659.50
<b>Current Assets</b>	<b>7,688,913.12</b>	
Employee Advance	100,000.00	
Account Receivable (Travel & Meetings)	24,093.39	
Cash in hand	16,155.00	
Bank Accounts	7,548,664.73	
<b>Fixed Assets</b>	<b>6,847.60</b>	
Furniture	5,360.10	
Office Equipment	1,487.50	
<b>Direct Incomes</b>		<b>27,909,038.84</b>
Transfers from Head Office		27,909,038.84
<b>Direct Expenses</b>	<b>20,022,004.32</b>	
Animal Welfare Project	680,909.00	
Bhutan Agro Industries	399,500.00	
Center for Media & Democracy	2,069,522.50	
CSO Project	23,349.00	
Emergency Medical Services Project	213,636.00	
Humane Society International Project	32,274.00	
Journalism Scholarship	285,856.00	
Loden Foundation	1,013,760.00	
Ministry of Home & Cultural Affairs	1,948,808.37	
Multi Media Project	68,114.00	
Music of Bhutan Research Center	671,175.00	
Paro Community Project	60,180.00	
Partner Project	11,870.00	
RENEW	34,353.00	
Research Grant (Om Katel)	247,500.00	
RSPCA	1,481,541.00	
RSPN Capacity Building	184,200.00	
Scholarship (Sangey Maurer)	209,850.00	
Tamshing Monastery Project	129,886.00	
Tarayana Foundation	882,411.75	



Ugyen Wangchuck Institute for Conservation & Enviro	198,160.00	
Voice for Environment	21,225.00	
WWF Bhutan	3,572,741.70	
YDF	5,581,182.00	
<b>Indirect Expenses</b>	<b>2,402,003.62</b>	
Advertising Expenses	187,500.00	
Fundraising & Donor Relations	539,215.48	
Hospitality & Entertainment	7,383.00	
Maintenance of Vehicles, Fuel & Insurance	18,000.00	
Depreciation on Fixed Assets	1,208.40	
Op Exp. Service Charges	91,026.00	
Printing & Publication	127,348.00	
Supplies & Materials	58,400.00	
Travel & Meetings	420,681.61	
Utilities - Electricity & Water	6,080.00	
Utilities - Postage & Bank Charges	21,715.00	
Utilities - Telephone & Internet	134,563.75	
Provident Fund	68,240.15	
Provident Fund Employee Contribution	68,240.15	
Pay & Allowance	596,390.00	
TDS & Health Contribution	56,012.08	
<b>GRAND TOTAL</b>	<b>30,119,768.66</b>	<b>30,119,768.66</b>

*Tshering Denka*

Tshering Denka  
Program Officer



Ugen Choden  
Program Director





**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**

**Statement of Financial Income & Expense**  
1-Jan 2008 to 31-Dec 2008

*SCHEDULE - F*

<b>Opening Balance</b>	
Cash	(129.00)
Bank	2,011,723.82
<b>Total Opening Balance</b>	<b>2,011,594.82</b>
<b>Income</b>	
Transfers from Head Office	27,909,038.84
<b>Total Income</b>	<b>29,920,633.66</b>
<b>Cost of Goods Sold</b>	
Restricted Grants	15,550,662.32
Unrestricted Grants	4,471,342.00
<b>Total Cost of Goods Sold</b>	<b>20,022,004.32</b>
<b>Gross Profit</b>	<b>9,898,629.34</b>
<b>Expenses</b>	
Operating Expenses	2,402,003.62
<b>Total Expenses</b>	<b>2,402,003.62</b>
<b>Net Income</b>	<b>7,496,625.72</b>

*Tshering Denka*  
Tshering Denka  
Program Officer



*Ugen Choden*  
Ugen Choden  
Program Director





**Bhutan Foundation**  
**Nazhoen Pelri, Post Box 255, Thimphu**  
1-Jan 2008 to 31-Dec 2008

**Balance Sheet**

*SCHEDULE - G*

<b>Liabilities</b> as on 31st Dec 2008		<b>Assets</b> as on 31st Dec 2008	
<b>Capital Account</b>	<b>7,496,625.72</b>	<b>Fixed Assets</b>	<b>6,847.60</b>
		Furniture	5,360.10
		Office Equipment	1,487.50
<b>Current Liabilities</b>	<b>199,135.00</b>	<b>Current Assets</b>	<b>7,688,913.12</b>
TDS & Health Contribution	39,931.00	Employee Advances	100,000.00
Provident Fund	46,659.50	Cash-in-hand	16,155.00
Provident Fund Employee Contribution	46,659.50	Bank Account	7,548,664.73
Accounts Payable (Salary)	65,885.00	Account Receivable	24,093.39
	<b>7,695,760.72</b>		<b>7,695,760.72</b>



*Tshering Denka*  
Tshering Denka  
Program Officer



*Ugen Choden*  
Ugen Choden  
Program Director



## RAA recommendations

In order to enhance accountability, improve the management practices and its financial management system through proper maintenance of accounting records the RAA recommends the following:-

- The Bhutan Foundation (Bhutan Office) should maintain a proper Cash Book to document both the cash receipts and disbursements, to effectively monitor the cash flow.
- The Bhutan Foundation (Bhutan Office) should also maintain a Stock Register to record all the receipts and issues of the stock items for the given period. Maintenance of a stock register ensures an effective inventory controls.
- The Bhutan Foundation is recommended to record its receipts and expenditures in Bhutanese currency i.e. Ngultrum, besides recording in the US Dollars.



# BHUTAN FOUNDATION

Thimphu: Bhutan

Schedule to the Accounts for the Year ended 31<sup>st</sup> December, 2008

ANNEXURE - C

Sl. No.	Particulars	Dep. Rate %	GROSS BLOCK			DEPRECIATION			NET BLOCK
			Opening 01.01.08 (Nu.)	Addition (Nu.)	As at 31.12.08 (Nu.)	Opening 01.01.08 (Nu.)	Addition (Nu.)	As at 31.12.08 (Nu.)	As at 31.12.08 (Nu.)
1	FURNITURE & FIXTURE	15	39,015.30	6306.00	45,321.3		6798.1390	6798.1390	38522.7875
2	OFFICE EQUIPMENT	15	15,464.73	1750.00	17,214.73		2582.2095	2582.2095	14632.5205
3	OFFICE EQUIPMENT	15	11,733.85	Nil	11,733.85		1760.0775	1760.0775	9973.7725
4	OFFICE EQUIPMENT	15	10,957.87	Nil	10,957.87		1643.6805	1643.6805	9314.1895
5	OFFICE EQUIPMENT	15	2,306.00	Nil	2,306.00		345.9	345.9	1960.1
6	OFFICE EQUIPMENT	15	42,947.89	Nil	42,947.89		6442.1835	6442.1835	36,505.7065
					130,481.64		19,572.19	19,572.19	110,909.0765



*Ishering*  
*Denka*  
 ISHERING DENKA  
 PROGRAM OFFICER



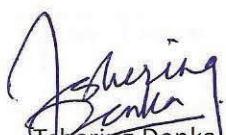
*Ugen Choden*  
 UGEN CHODEN  
 PROGRAM OFFICER



**BHUTAN FOUNDATION**  
Nazhoen Pelri, Post Box 255, Thimphu

ANNEXURE-D

Sl. No.	Particulars	Amount
1	Ugen Choden	124,093.39
	<b>TOTAL</b>	<b>124,093.39</b>

  
Tshering Denka  
Program Officer

  
  
Ugen Choden  
Program Director






**Bhutan Foundation**  
Nazhoen Pelri, Post Box 255, Thimphu

**Follow-up on previous audit's Accountability Statement**

ANNEXURE - E

Sl. No.	Name	Amount	Actions	Audit Remarks
1	Sonam Phuntsho	31,395.50	Several reminders have been sent, it has been decided that if there is no further response, the concerned person's present employer will be notified to work an arrangement on present salary deductions.	Amount Not Recovered.
2	Dorji Ohm	6,000.00	It was verified that Aum Dorji Ohm, YDF was issued the money for travel related expenses to the US and she has provided a letter to justify the use of the money.	Found that the expenses incurred were genuine (copy of the letter provided in Annexure )
3	Ugen Choden	4,119.56	Ugen Choden has reimbursed the money in the current year 2009 to the office account.	Amount Recovered in 2009 (copy of the deposit slip in Annexure )

  
Tshering Denka  
Program Officer



  
Ugen Choden  
Program Director





**Bhutan Foundation**  
Nazhoen Pelri, Post Box 255, Thimphu


**Follow-up on the previous audit's Recommendations**

ANNEXURE F

Brief	Recommendations	Measures Taken by the Agency	Audit Remarks
Accountant	The Bhutan Foundation should employ one full time trained accountant to maintain proper and complete accounts to ensure proper book keeping.	The Bhutan Foundation has requested the head office in Washington for approval and has been instructed to hire a part-time accountant, as the amount of work does not justify a full time accountant.	Not Implemented
Professional Spreadsheets	The Bhutan Foundation should prepare Receipt & Payment and Balance Sheet in a professional manner beginning next calendar year with proper disclosures and Notes to the Accounts.	All spreadsheets have been prepared to the best of our ability and all relevant documents have been attached for reference.	Partially Implemented
Proper and efficient control & assurance system	The Bhutan Foundation should institute proper and efficient control & assurance system in respect of grant disbursement and its accountability to ensure effective and transparent utilization of grants for the purpose intended.	The Bhutan Foundation has established an M & E system. All grantees are required to sign proper agreement that includes conditions and detailed deliverables.	Partially Implemented
Information	In-order to ensure effective utilization of funds disbursed and promote accountability, the Foundation may share information in respect of funds/grants disbursed on a regular basis with the Audit Authority.	Copies of our Annual Report for 2008 have been distributed to the RAA and all other agencies and organizations.	Partially Implemented

  
Tshering Denka  
Program Officer



  
Ugen Choden  
Program Director