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ROYAL AUDIT AUTHORITY
Bhutan Integrity House

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



RAA/(BH-02)/AR-DPOB/2023/532

Dated: 11/09/2023

The Executive Director,
Disabled People's Organization of Bhutan,
Thimphu: Bhutan
✓ Email: info@dpab.org.bt
Website: www.dpab.org.bt
Telephone: 339996
Post Box: 1531

Subject: Financial Audit Report of Disabled People's Organization of Bhutan for the period 1 January 2022 to 31 December 2022

Sir,

Enclosed herewith, please find the audited **financial statements and auditors' report thereon** in respect of the Disabled People's Organization of Bhutan (DPOB) for the financial year ended 31 December 2022. The audit was conducted as required under the Audit Act of Bhutan 2018, and in accordance with International Standards of Supreme Audit Institutions (ISSAIs).

Auditor's Report on the Financial Statement

As may be noted from the auditors' report, the financial statements are prepared by the Disabled People's Organization of Bhutan, in all material respects, in accordance with Financial Rules and Regulations 2016. Accordingly, the RAA has expressed unqualified (clean) opinion on the financial statements.

The auditors' review of the accounting records, internal controls and operations of the Disabled People's Organization of Bhutan revealed some deficiencies and lapses. However, all four (4) audit findings issued were settled in view of recoveries made, justifications provided, related documents and evidences furnished which are detailed in **Part I (Management Appraisal Report)** for future reference and compliance.

Follow-up status of previous audit reports

Since there were no pending audit observations from past audit reports, follow up was not required to be conducted.

The Royal Audit Authority acknowledges the kind cooperation and assistance extended to the audit team by the officials of the Disabled People's Organization of Bhutan, which facilitated timely completion of the audit.

Yours sincerely,



(Karma Jambayyang)
Assistant Auditor General
Compliance and Outsource Audit Division

Copy to:

1. The Member Secretary, Civil Society Organization Authority, Thimphu for kind information
2. AAG, PPD, Royal Audit Authority, Thimphu;
3. AAG, Follow-Up & Clearance Division, Royal Audit Authority, Thimphu;
4. Office copy.

TITLE SHEET

1. Title	:	Financial Audit Report of the Disabled People's Organization of Bhutan, Thimphu.
2. AIN	:	COAD-2023-423
3. Head of the Agency	:	Sonam Gyamtsho, Executive Director, CID: 10711002077
4. Drawing & Disbursing Officer	:	Sonam Gyamtsho, Executive Director, CID: 10711002077 Tashi Yuden, Accountant, CID: 12007001085
5. Name of Finance Personnel	:	Tashi Yuden, Accountant, CID: 12007001085
6. Period Audited	:	01/01/2022 to 31/12/2022
7. Schedule of Audit	:	Planning: 15 th June 2023 to 19 th June 2023 Actual: 12 th July 2023 to 17 th July 2023 Reporting: September
8. Composition of Audit Team	:	Team Leader: 1. Yok Bahadur Karki, Managing Partner. (CID No. 10302003793) Team Members: 2. Rinchen Dorji (CID No. 10904000627)
9. Supervising Officer	:	Yok Bahadur Karki, Managing Partner
10. Overall Supervising Officer	:	Yok Bahadur Karki, Managing Partner
11. Audit Intimation Letter No.	:	RAA/(BH-02)/AC/2023/731 Dated: 19 th April 2023
12. Focal Person	:	CA Dilli Ram Bista Email: cabhutan@yahoo.com Phone: 17258738/ 17420185
13. Date of Audit Exit Meeting	:	07/08/2023

ACRONYMS

DPOB	: Disabled People's Organization of Bhutan
ISSAIs	: International Standards of Supreme Audit Institutions
RAA	: Royal Audit Authority
CSO	: Civil Society Organization
CSOA	: Civil Society Organization Authority
UNDP	: United Nation Development Program
TDS	: Tax Deducted at Source
BOB	: Bank of Bhutan
BNBL	: Bhutan National Bank Limited
BDBL	: Bhutan Development Bank Limited
PWDs	: Peoples With Disabilities

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AUDITORS' REPORT ON THE FINANCIAL STATEMENTS



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ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE DISABLED PEOPLE'S ORGANIZATION OF BHUTAN FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2022

Opinion

We have audited the financial statements of Disabled People's Organization of Bhutan (DPOB), which comprise of the Receipts and Payments Statement and schedules forming part of financial statements for the financial year ended 31 December 2022.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Financial Rules and Regulations 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of Disabled People's Organization of Bhutan's management, and we have fulfilled our responsibilities in accordance with the requirement outlined in *RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors*. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for preparation of the financial statements in accordance with the Financial Rules and Regulations 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Disabled People's Organization of Bhutan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Disabled People's Organization of Bhutan's internal control.

We communicate with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

For Dilli Yok & Associates
Chartered Accountants
FRN: GRC2625

CA. Dilli Ram Bista
Membership No. 542831
Place *Thimphu*
Date: *27/9/23*



"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."
- His Majesty King Jigme Khesar Namgyel Wangchuck

FINANCIAL STATEMENT

RECEIPTS & PAYMENTS STATEMENTS

Disabled People's Association of Bhutan

Statement of Receipts and payments for the year ended December 31, 2022

Receipts	Sch	As at 31.12.2022	As at 31.12.2021	Payments	Sch	As at 31.12.2022	As at 31.12.2021
To opening Balance				By Expenditure	1	7,274,679.00	662,148.78
Cash in Hand	3	93,991.00	197,140.00	By Refunds			30,000.00
Cash in Bank	2	6,424,501.52	2,381,336.00				
To Grants Received				By closing Balance			
Other Income			36,000.00	Cash at Bank	2	9,423,444.60	6,424,501.52
Income	4	10,275,590.49	4,596,165.30	Cash in Hand	3	95,959.41	93,991.00
TOTAL		16,794,083.01	7,210,641.30	TOTAL		16,794,083.01	7,210,641.30

For Dilli Yok & Associates

Chartered Accountant

Firm License No: CRC2625

(Signature)

CA Dilli Ram Bista

Membership No: 542831

Place: Thimphu

Date: 27/9/23



Disabled People's Organization of Bhutan

(Signature)
Executive Director

Executive Director
Disabled People's Organization of Bhutan
Post Box No. 1531
Thimphu



SCHEDULES

Schedule 1: Expenditure

Particulars	Dec 31,2022	Dec 31,2021
SNV. Expenses	-	50,000.00
UNDP Expenses	-	612,148.78
Capacity of DPOB Strengthened Rehabilitation Programme	108,725.00	-
Meeting Expenses	90,860.00	-
Office Utilities	220,450.00	-
Advance Payment	375,335.00	-
Travel Expenses	3,117,297.00	-
Awareness and Advocacy Expenses	548,284.00	-
PF provided by employer	537,778.00	-
Salary	79,950.00	-
TOTAL	7,274,679.00	662,148.78

Schedule 2: Cash at Bank

Particulars	Dec 31,2022	Dec 31,2021	Dec 31,2020
Druk PNB (Acc.no.xx3760)	351,365.33	301,125.33	741,125.00
BOBL (Acc.no.xx3756)	986,685.00	637,415.00	587,956.00
BDBL (Acc.no.xx2101)	7,153,520.50	5,485,961.19	1,052,255.00
BOBL-100926866	931,873.77	-	-
TOTAL	9,423,444.60	6,424,501.52	2,381,336.00

Schedule 3: Cash on Hand

Particulars	Dec 31,2022	Dec 31,2021	Dec 31,2020
Cash on Hand	95,959.41	93,991.00	197,140.00
TOTAL	95,959.41	93,991.00	197,140.00



[Handwritten Signature]

Schedule 4: Income		
Particulars	Dec 31,2022	Dec 31,2021
Bank Interest	276,580.31	186,145.85
DPAB Donation	70,640.00	930,160.00
Membership Fund	2,502,849.00	2,672,035.45
SNV Fund	50,000.00	50,000.00
UNDP Account	-	757,824.00
Molhr Fund	142,710.00	-
Advance recovered	3,117,297.00	-
Construction Fund Collection	1,631,362.00	-
UNICEF Fund	765,265.00	-
Normision Fund	1,718,887.18	-
Total	10,275,590.49	4,596,165.30



PART I: MANAGEMENT APPRAISAL REPORT

PART I: MANAGEMENT APPRAISAL REPORT

1. Non-issuance of membership certificates to the members and short accounting of membership fees

On verification of the membership register and details of membership fees receipt, it was observed that membership certificates were not issued although the membership fees have been paid by the following members. This has led to short accounting of membership fees for the financial year ended 2022 by Nu 6,000.00

SL.No	Member Name	Monthly Fee	Amount Credited	Date of credit
1	Sonam Choki	200	200	28.05.2022
		200	200	28.06.2022
		200	200	28.07.2022
		200	200	28.09.2022
		200	200	28.10.2022
		200	200	29.11.2022
2	Nim Dem	200	200	28.05.2022
		200	200	28.06.2022
		200	200	28.07.2022
		200	200	28.09.2022
		200	200	28.10.2022
		200	200	29.11.2022
		200	200	31.12.2022
		200	200	31.12.2022
3	Sonam Chophel	200	200	28.05.2022
		200	200	28.06.2022
		200	200	28.07.2022
		200	200	28.08.2022
		200	200	28.09.2022
		200	200	28.10.2022
		200	200	29.11.2022
		200	200	31.12.2022
4	Tenzin Pem	200	200	28.05.2022
		200	200	28.06.2022
		200	200	28.07.2022
		200	200	04.09.2022
		200	200	28.09.2022
		200	200	01.11.2022
		200	200	29.11.2022
		200	200	31.12.2022



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Management Response

The general operations of the membership procedure do not entail issuing a money receipt or certificate unless demanded by the donating member. The above-mentioned contributing members has not claimed or directed us to provide them the certificate and/or money receipt. DPOB has online automatic certificate generation system whereby the members can collect their certificate if required upon punching their CID number. Unfortunately, the existing system does not have the provisions of finding out if the contributing member has obtained their certificate online or not. With regard to the above-mentioned issue, certain membership forms have been directly submitted to the bank for deduction and the organization has somehow missed updating their names in the system. However, the management would make a better effort to ensure such incidences are addressed henceforth.

The observation was treated as settled

Based on the justification provided by the management and correction made in the membership fees by adding the entire missed out amount Nu. 6000 under membership fund in the receipt side of the receipt & payment account, the observation is treated as settled.

Compliance to be made

None

2. Non-maintenance of supporting documents for payment of Nu. 182,632.00

On review of DPOB's BDBL bank statement it was observed that a sum of Nu. 182,632.00 was debited from the BDBL account on account of payment to one of its member who works with UNDP.

However, the payment was not supported by any documents such as Notesheet or payment authorization letter.

On enquiry with the management it was learnt that the payment was made on verbal communication as pre-financing which is to be refunded by UNDP later.

Therefore, the management should justify for non-maintenance of supporting documents for above pre-financing payments.

Management Response

We appreciate the audit team's observation regarding the lack of supporting documents for the payment of Nu. 182,632.00 debited from the BDBL account. After reviewing the transaction, we would like to provide the following clarification.

Nu. 182,632.00 were actually debited as an advance payment to a member of the DPO (Wheel Chair User) who is working at UNDP. Since it was not the activity of DPO, we fail to keep the document to verify it. However, we acknowledge that we mistakenly did not keep the supporting documents for this particular transaction.




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Moving forward, we will ensure that all transactions, regardless of their nature, are supported by appropriate documentation to meet audit requirements. We appreciate the audit team's diligence in identifying this issue, and we will use it as an opportunity to strengthen our internal processes.

The observation was treated as settled

The observation is treated as settled based on the management's justification and on verification of details of Nu. 182,632.00 refunded back on 02/08/2022 in BDBL bank account.

Compliance to be made

Henceforth the management should keep the proper supporting documents for such transaction to ensure proper control procedures for similar transactions in future.

3. Missing supporting documents to substantiate the following expenses

While verifying the program expenses certain supporting documents were missing with regard to amount withdrawn from banks as detailed in the table below.

Amount	Payment Through	Cheque No.
50,000.00	BOB-200303756	781984
50,000.00	BDBL	300531
31,311.00	BDBL	300529

Therefore, the management should justify for the missing supporting documents.

Management Response

We have reviewed the information and identified the correct details regarding the expenses related to the amounts mentioned. The audit response should be as follows: With regard to Nu.50,000 from BOB cheque no.781984, the funds were provided by SNV to celebrate IDPD 2022. The supporting document for this amount is attached to voucher no.22 dated 28.11.2022, with the amount of Nu.50,000 from BDBL cheque no.300531. It should be noted that a total of Nu.50,000 was withdrawn from both BDBL and BOB to celebrate IDPD (Total Nu.100,000 to celebrate IDPD under Awareness and Advocacy Expenses).

The amount was utilized for the following activities:

1. Lunch and refreshment: Nu.75,000
2. Banner: Nu.1,200
3. DSP Ramen: Nu.1,360
4. Transportation fee: Nu.15,000

The total expenses incurred amounted to Nu.92,560, leaving a cash balance of Nu.7,440. We have reviewed the information and identified that there was an oversight by the auditor regarding the supporting document for the amount of Nu.31,311 from BDBL cheque no.300529. We apologize for any confusion caused. The correct audit response should be as follows:



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With regard to Nu.31,311 from BDBL cheque no.300529, there is a supporting document attached to voucher no.11 dated 28.02.2022. The amount was utilized for Awareness and Advocacy Expenses, with the breakdown as follows:

1. Norden General Shop: Nu.4,455
2. Hotel Bhutan Ga me Ga: Nu.4,188
3. Asian Kitchen: Nu.1,100
4. DSA to Mr. Singye Dorji K: Nu.21,568

The observation was treated as settled

Since all missing supporting documents were furnished for verification by the management, the observation is treated as settled.

Compliance to be made

None

4. Non deduction of TDS on rental payment for the financial year 2022

On verification of rental payments, it was observed that the DPOB has not deducted applicable TDS amount Nu. 9,300.00 from the rental payments made to the house owner as required by the Income Tax Act of Kingdom of Bhutan 2001 and Tax Rules. The deduction of TDS is mandated even for CSO as a withholding agency unless the other party is also exempted from TDS provision.

As such, the management should justify for non-deduction of applicable TDS from the rental payments.

Management Response

For the last 13 years, DPOB has never deducted TDS from the rental payment. However, rental payment receipts were duly examined by the Revenue & Customs Officers every year during their filed visits to the office. Inadvertently, should the TDS be deducted from the rental payment, many house owners would not entertain the disability office. The current location is centrally located, with easy access and accessibility to persons with disabilities.

The observation was treated as settled

Based on the justification of the management the observation has been treated as settled.

Compliance to be made

The DPOB should deduct the applicable TDS in accordance with TDS guideline (third edition) from the rental amount paid for hiring rental of properties by the DPOB and deposit by 10th of succeeding month to RRCO. The compliance to the recommendation shall be reviewed in the next audit.



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PROFILE

The Disabled People's Organization of Bhutan (DPOB), formerly the Disabled Persons' Association of Bhutan (DPAB), was founded by a group of persons with disabilities to recognize the voice of our own. Under the Royal Patronage of His Royal Highness Prince Namgyal Wangchuk - the XXVIth Paro Penlop, the organization was legally registered with the Civil Society Organizations Authority (CSOA) on November 26, 2010.

The organization, which is tax exempted, is governed by a Board of Trustees, whose members are chosen for a certain term of office from among the organization's members. The DPO has a seven-member Board of Directors and fifteen-member Technical Committee. There are Twenty Focal Persons (DT Secretaries in Dzongkhags), who provide the DPO with data updates on persons with disabilities in their districts, as well as facilitate coordination and communication at the Dzongkhag level. In the management team, there are six staff, who oversee the day-to-day functions of the organization. The Disabled People's Organization is the only DPO in the country with persons with disabilities serving on the Board of Directors, Technical Committees, and Management Team.

As required by the Civil Society Organization Act 2007, our operations are guided by its Charter and the Articles of association. Our financial transactions and performance are subject to external auditing from the Royal Audit Authority (RAA) and inspection by the board of directors and contributors.

Vision: An inclusive society that recognizes respects and promotes the rights and needs of persons with disabilities in Bhutan.

Mission: To promote physical, psychological and socio-economic wellbeing of persons with disabilities through a right based approach.

Objectives:

1. Empower persons with disabilities and create opportunities through education, employment, effective participation and decision-making to lead a meaningful life.
2. Function as a platform to represent all persons with disabilities in policy formulation, legislation and programmes that impact the lives of persons with disabilities.
3. Raise awareness and advocate for the rights of persons with disabilities by promoting inclusivity and accessibility.
4. Enhance the capacity of persons with disabilities to realize their potential and abilities through life-long learning.
5. Facilitate communication, coordination and collaboration with relevant organizations within and outside the country.



A handwritten signature in black ink, appearing to be "Maar".

