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PREAMBLE

Whereas the Constitution provides the Royal Audit Authority of Bhutan as an independent Authority; and

Whereas in keeping with His Majesty's vision to enhance accountability and proper utilization of public resources through effective auditing and reporting without fear, favour or prejudice, and to promote Good Governance;

The National Assembly of Bhutan in its 85th Session held on 5th Day of the 5th Month of the Male Dog Year of the Bhutanese Calendar, corresponding to 30th June, 2006 hereby enacted the Audit Act of Bhutan as follows:

CHAPTER 1: PRELIMINARY

Title, Commencement and Extent

1. This Act shall:
 - (a) Be called the AUDIT ACT OF BHUTAN, 2006;
 - (b) Come into force on the ____Day of the ____ Month of the Male Dog Year of the Bhutanese Calendar, corresponding to _____ 2006; and
 - (c) Extend to the whole of the Kingdom of Bhutan or otherwise within the jurisdiction of Bhutan.

Repeal

2. This Act hereby repeals any provisions of any law, by-law, rules or regulation which is inconsistent with this Act

CHAPTER 2: ROYAL AUDIT AUTHORITY

Establishment

3. There shall be a Royal Audit Authority to audit and report on the economy, efficiency, and effectiveness in the use of public resources.
4. The Authority shall be an independent and non-partisan institution headed by the Auditor General.

The Appointment of Auditor General

5. The Auditor General of Bhutan shall be appointed by the Druk Gyalpo from a list of eminent persons recommended jointly by the Prime Minister, the Chief Justice of Bhutan, the Speaker, the Chairperson of the National Council and the Leader of the Opposition Party.

Eligibility and qualifications of Auditor General

6. A person shall be eligible for appointment as the Auditor General if he is:
 - (a) A natural born citizen of Bhutan;
 - (b) Not married to a person who is not a citizen of Bhutan;
 - (c) Not convicted of any criminal offence;
 - (d) Not in arrears of taxes or other dues to the Government;
 - (e) Not holding any office of profit in any public companies and corporations;
 - (f) A senior government official suitably qualified for the post;
 - (g) Have no political affiliation; and
 - (h) Have not been terminated from Public Service.

Oath or Affirmation

7. The Auditor General shall, upon assuming office, take an Oath or Affirmation of office and secrecy as provided in the Third and Fourth Schedule of the Constitution respectively.

8. The Oath and Affirmation shall be taken before His Majesty the Druk Gyalpo or Chief Justice of the Bhutan as per the command of His Majesty the Druk Gyalpo.

Terms and conditions of service

9. The term of office of the Auditor General shall be five years or until attaining the age of sixty-five years, whichever is earlier.
10. The Auditor General shall not be eligible for re-appointment.
11. The Auditor General shall receive such salary, allowances and other benefits as may be prescribed by law in parity with holders of other constitutional offices.

Resignation and removal

12. The Auditor General may resign from office at any time in writing to the Druk Gyalpo.
13. The Auditor General can be removed only by impeachment.
14. The vacancy of the post of Auditor General shall be filled within a period of thirty days from the date of such vacancy.

Independence of the Authority

15. The Authority shall enjoy full organizational and functional independence including programming, investigative and reporting.
16. The Authority shall have full authority to determine and administer its organizational structure, budgetary and personnel requirements.

17. The State shall make adequate financial provisions for the independent administration of the Authority.
18. The Authority's budget shall be approved by the Parliament as a part of the National Annual Budget. If the decision of the Parliament on National Budget is delayed, the Ministry of Finance shall provide the Authority with interim funds, which shall be at least equal to the previous year's budget.
19. Except for the Auditor General, the Authority shall prescribe the service conditions and personnel policies for its staff broadly in accordance with the Civil Service Act.

CHAPTER 3 : CODE OF PROFESSIONAL CONDUCT

Compliance

20. The Auditor General shall ensure that his conduct is, in appearance and in fact, in compliance with this Code.
21. The Auditor General shall:
 - (a) Have the moral integrity required to competently, efficiently and professionally carry out his tasks; and
 - (b) Not only abide by the provisions of this Act but ensure that all auditors comply with the Good Code of Conduct, Ethics and Secrecy of the Authority.
22. The Auditor General, auditors and staff shall individually and collectively ensure that the integrity of the Authority is maintained.

Responsibility

23. The Auditor General shall ensure that his conduct is consistent with the dignity, reputation and integrity of the Authority and the sovereignty and integrity of Bhutan.

Accountability

24. The Auditor General shall have a duty to account and be held accountable for the policies, decisions and actions of the Authority.

Confidentiality

25. The Auditor General shall maintain confidentiality in cases where the decisions, documents and deliberations should not be disclosed in the public interest.

Integrity

26. The Auditor General shall not be influenced in any manner whatsoever by any individual or body of individuals in the discharge of his official duties.

Selflessness

27. The Auditor General shall take decisions solely based on the public interest and not on any other factors.

Transparency

28. The decisions and actions of the Auditor General shall be transparent and he shall give reasons for his decisions.

Personal conduct

29. The Auditor General having been entrusted with the sacred responsibility to serve the Tsawa-Sum, shall:
- (a) Refrain from indulging in habits and behaviour that infringe upon the performance of official duties or tarnish the image of the Auditor General, the Authority or the Country;
 - (b) Not do or direct to be done, in abuse of his office or power, any act prejudicial to the rights of any other person knowing that such act is unlawful or contrary to any government policy;
 - (c) Not maintain or operate a bank account in any country outside Bhutan;
 - (d) Not provide information, which is detrimental to the prestige, territorial integrity and sovereignty of the Kingdom; and
 - (e) The Auditor General shall not accept any gifts, presents or benefits.

Conflicts of interest

30. The Auditor General shall ensure that no conflict of interest arises or appears to arise, between his public duties and his private interests, financial or otherwise.

31. A conflict of interest may exist when the Auditor General is influenced or appears to be influenced by private interests. Private interests include not only the Auditor General's financial or other interests but also the financial or other interests of the Auditor General's spouse or dependant.
32. The Auditor General shall:
 - (a) Declare the assets and liabilities, including the assets and liabilities in the name of his spouse and dependants within 3 months after the appointment, annually thereafter and 3 months before leaving the office, to the Anti-Corruption Commission;
 - (b) Not undertake any private trade or commercial activity or additional employment;
 - (c) Not hold chairmanship or membership in a public or private company whether it carries remuneration or is honorary other than as may be required in his official capacity as the Auditor General;
 - (d) Not act as consultant to any company, business or association or provide assistance to any such body, except as may be appropriate in his official capacity as the Auditor General;
 - (e) Not be a member of, belong to, or take part in any society the membership of which is incompatible with the functions or dignity of his office; and

- (f) Not make any unauthorized commitment or promise that purports to bind the Government.
- 33. All auditors, including the Auditor General, shall declare any potential conflict of interest before undertaking any particular audit or other duties concerning a particular person or entity.
- 34. All auditors, including the Auditor General, shall maintain the highest degree of incorruptibility.
- 35. The Auditor General may exclude an official from an audit if he considers there is a reasonable cause to doubt the existence of a conflict of interest.

Violation

- 36. Violation of this Code by the Auditor General shall be a ground for his impeachment for misbehaviour.
- 37. Violation of the Good Code of Conduct, Ethics and Secrecy of the Authority by the auditors shall be a ground for disciplinary action.

CHAPTER 4: FUNCTIONS, JURISDICTIONS AND SCOPE OF AUDITING

Functions of the Royal Audit Authority

- 38. The functions of the Authority shall be to:
 - (a) Carry out financial, propriety, compliance, special audits and any other form of audits that the Auditor General may consider significant and necessary;

- (b) Conduct Performance audit to ascertain and report on the economy, efficiency and effectiveness of the operations of agencies audited;
- (c) Conduct in depth audit of any aspects of the accounts, operations, systems and management practices of the agencies;
- (d) Conduct the audit of assessment, collection and accounting of revenues & taxes;
- (e) Conduct the audit of aid, grants and public debt of the Nation;
- (f) Certify the Consolidated Annual Financial Statements of the Royal Government;
- (g) Report its findings and recommendations to the relevant authorities; and
- (h) Follow-up on the compliances of the Audit Reports.

Audit Jurisdiction

- 39. The Authority shall conduct without fear, favour or prejudice the audits of the following:
 - (a) Government or any of its instrumentalities which include, Ministries, Departments, Divisions, Units, Dzongkhags, Gewogs, Thromdues, autonomous bodies, foreign-assisted or special projects of the Royal Government;

- (b) Zhung Dratshang, Rabdeys and all related institutions;
 - (c) Judiciary and Judicial Bodies;
 - (d) Legislature and related institutions;
 - (e) Constitutional bodies;
 - (f) Defence and Security Services;
 - (g) All corporations, Financial Institutions including the Central Bank and their subsidiaries established under the laws of the Kingdom in which the Government has an ownership interest;
 - (h) All entities including non-governmental organizations, foundations, trusts, charities and civil societies fully or partly funded by the Government; whose loans are approved or guaranteed by the Government; and those receiving funds, grants and subsidies directly or through the Government and collections and contributions from people and fund raised through lottery.
 - (i) Any entity or activity upon Command of the Druk Gyalpo.
40. Notwithstanding the provisions of any laws relating to the accounts and audit of any public authority, the Parliament, if satisfied that the public interest so requires, shall direct that the accounts of such authority be audited by the Auditor General.

Scope of Audit

41. The Authority shall audit the following matters to ascertain whether:
- (a) The amount appropriated have been expended for the specified programs and tasks within the approved budget limits;
 - (b) The financial transactions comply with the existing laws and the evidence relating to items of income and expenditure are sufficient;
 - (c) The accounts have been maintained in the prescribed forms and such accounts fairly represent the position of the transactions;
 - (d) The program implementations are adequately monitored to avoid incidences of cost and time overruns;
 - (e) The inventory of public properties is accurate and up-to-date, and custody, control, management and physical safeguard measures instituted are adequate;
 - (f) Physical assets and infrastructures reported actually exist and confirm to the required specifications and standards;
 - (g) The available resources including human, financial and other assets are properly utilized;

- (h) The accounting and related system of controls, financial or otherwise including the arrangements for internal audit and internal control of cash, kind and other public property against any loss, damage and abuse are adequate;
- (i) The accounts of revenue, taxes, other incomes and deposits are accurate and the systems relating to assessment, realization, recording and methods of reporting are adequate;
- (j) The debts, liabilities and specific purpose funds are recorded accurately and managed properly;
- (k) The ICT and other technological systems developed are appropriate and adequate controls and security measures are instituted to prevent unauthorized access to the system; and
- (l) The implementation of programs and activities are as planned and the intended objectives achieved.

CHAPTER 5: POWERS, RESPONSIBILITIES AND RIGHT OF ACCESS TO INFORMATION

Powers of the Authority

42. The Authority may:
- (a) Develop rules, procedures and guidelines to carry out auditing economically, efficiently and effectively;

- (b) Determine the objectives, scope, frequency and findings of audits in accordance with the laws and Generally Accepted Auditing Practices;
 - (c) Determine the audit findings to be included in the report in the light of observations made by the auditors and explanations, justifications and evidence furnished by the auditee agency;
 - (d) Develop investigative auditing procedures designed to increase the likelihood of detection of fraud and corruption thereby reducing the incidence of their occurrences;
 - (e) Adopt procedures for the issuance of audit clearance certificates;
 - (f) Establish requirements that copies of audited financial statements, performance and other reports of agencies be delivered to it;
 - (g) Represent the Kingdom in the fields of auditing in national, regional and international arena; and
 - (h) Cooperate with international and regional accounting and auditing associations and bodies in the development and application of the generally accepted auditing standards, principles and practices in line with acceptable international standards and practices.
43. The Authority shall have the power to settle the audit observations in the light of justifications provided, compliance made, and improvement noted as may be appropriate.

Responsibility of the Authority

44. It shall be the duty of the Authority to:
- (a) Carry out its responsibilities by conducting proper and timely audits of public funds utilized by the ministries, departments, corporations and other organizations of the Government;
 - (b) Report on whether the concerned agencies complies with the will of the Parliament, as expressed through budgetary appropriations; and
 - (c) Promote economy, efficiency and effectiveness of the use of public resources through its reports and recommendations.

Powers of the Auditor General

45. The Auditor General shall have power to:
- (a) Enforce the provisions of this Act;
 - (b) Issue statements on the generally accepted auditing standards and principles and related guidelines;
 - (c) Appoint other persons, organizations or companies to perform any particular audits;
 - (d) Station an auditor in any agency in order to carry out the functions of the Authority effectively.
 - (e) Require every person employed in the Authority to comply with any security requirements;

- (f) Develop and implement training programmes which ensures that Audit staff remain competent to carryout their duties in accordance with the prevailing standards and practices;
 - (g) Make financial commitments on behalf of the Authority, including contracting for professional services in accordance with the governing policies and procedures of the Government;
 - (h) Enter into agreements with, and receive and manage funds from donors for capacity building of the office in accordance with the governing policies and procedures of the Government; and
 - (i) Represent the Authority at home and abroad.
46. The Auditor General shall have the power to require the agencies to provide technical and professional support as may be necessary and warranted in proper discharge of audit function.
47. The Auditor General may delegate the exercise of any of his powers to other auditors but such delegation shall not remove him of the responsibility and accountability for acts by those individuals delegated with such powers.

Responsibilities of the Auditor General

48. The Auditor General shall have the duty to:
- (a) Carry out his responsibilities with utmost loyalty and dedication to the Tsawa-Sum, unaffected by any consideration for those in positions of power and influence and showing no discrimination whatsoever in the line of his work;

- (b) Inform the Anti-corruption Commission or relevant authority on any activity or person identified in the course of an audit that may constitute as offences under this Act or other laws;
 - (c) Perform such other duties, in relation to the accounts of bodies administering public funds, as may be prescribed by law.
49. The Auditor General shall be held accountable for the Authority's non-compliance with the provisions of this Act and for any acts contrary to the objectives and functions of the Authority.

Right of access to information

- 50. Subject to the provisions of other laws, the Authority shall have the right of access to the personnel records, information and premises of the entities being audited and parties involved.
- 51. The Authority shall have right of access to the records, bank statements of agencies audited, suppliers, taxpayers and other third parties in accordance with the laws, if found relevant and material to the audit of an entity.
- 52. The Authority shall have powers to enforce or initiate enforcement action to secure access to needed records, which are not produced.

53. The Authority shall be provided with copies of any documents or materials, access to premises, office space and other facilities necessary for auditing.
54. The Auditor General or anyone authorized by him upon written notice may require anyone currently or previously involved in the activities under audit to:
 - (a) Provide a written explanation of any related matter; or
 - (b) Attend and give evidence, affirmation or otherwise, before the Auditor General or the designated person.
55. The Auditor General shall have power to obtain information from individuals who have been participants or beneficiaries, and those who may be providers of services.

CHAPTER 6 : AUDITING AND REPORTING STANDARDS

Standards and practices

56. The Authority shall establish auditing, reporting standards and practices that will meet the highest auditing and reporting standards.
57. The Authority shall publish standards and practices in an appropriate manner to make the proposal known to the public and invite comments before adopting such standards.

58. An auditee shall submit annual financial statements for their operations for audit in accordance with standards and requirements established by laws.
59. The Authority may rely on the audits performed by other organizations including internal auditors if it has reasonable assurance through such means as prior experience, tests or other indicators that the audits and the reports on those audits are accurate, reliable and meet its standards.
60. Audit methods shall be adapted to the progress of the sciences and techniques relating to sound financial management and reporting.
61. The Authority shall intimate an entity to be audited before starting the audit unless it is a special investigation audit.

Audit Report

62. The report covering the financial operation of the agency shall contain the Authority's opinion on the financial statements indicating, whether the financial statements have been fairly presented in accordance with applicable laws and generally accepted accounting principles.
63. The report shall invite attention to the cases and indications of fraud, abuse or illegal acts.
64. The report shall also disclose appropriate supplementary explanation and information about the financial statements, monthly and annual accounts, as well as violations of legal or the regulatory requirements, including instances of non-compliance.

65. The Auditor General shall address an Audit Report to:
- (a) The concerned Minister and head of the audited entity requiring the follow-up action and copy endorsed to others where appropriate;
 - (b) The Chief Justice of Bhutan for audits of the Courts;
 - (c) The Speaker of the National Assembly for the audit of Legislative Offices;
 - (d) The Chairman for the audit of the National Council;
 - (e) The Minister of Finance for the audit of Defence and Security Services;
 - (f) The Ministry of Finance for certification audits in respect of donor funded projects; and
 - (g) The Chairpersons of the Board of Directors for the audits of the Corporations and Financial Institutions.
66. Confidential information may be covered in a separate report. Such information shall not be divulged or released prior to its authorized release, or revealed to other parties not concerned, without prior clearance and approval of the Auditor General or his duly designated representative.
67. The Authority shall submit copies of the Audit Report to the Druk Gyalpo, the Prime Minister and the Chairperson of the Royal Civil Service Commission or the Chairperson of the Anti-Corruption Commission, where offences are serious and require urgent attention.

68. The concerned agency shall immediately take action on audit observations and ensure that any fund or property misspent, misused or wasted is recovered without undue delay.

Annual Audit Report (AAR)

69. The Auditor General shall submit the Annual Audit Report (AAR) during the fourth quarter of the fiscal year on the audits carried out during the previous fiscal year.
70. The Annual Audit Report shall contain the result of the audit of the Annual Financial Statements of the Government, the overall financial condition and recommendations to improve the economy, efficiency and effectiveness of the Government. The report shall assess whether the administration as a whole has been economical, efficient and effective in the utilization of the public fund.
71. The Annual Audit Report shall include:
- (a) The Audit Report on the operation of the Royal Audit Authority for the fiscal year;
 - (b) Works performed by the Authority during the period defined;
 - (c) Significant audit findings and recommendations for improvement of agencies audited;
 - (d) Cases where the Authority did not receive acceptable responses or cooperation ;
 - (e) Cases where, in the Auditor General's opinion, the follow-up reports submitted by an entity are not adequate, or are not being carried out as recommended;

- (f) Future course of action in the interest of enhancing accountability and improving auditing operational capacity; and
 - (g) Any other matter based on audit findings that the Auditor General, in his opinion, considers to be significant and of a nature that needs to be brought to the attention of His Majesty the Druk Gyalpo, the Parliament and the people of Bhutan.
72. The Auditor General shall submit the Annual Audit Report to the Druk Gyalpo, the Prime Minister and the Parliament.
73. The Auditor General shall endorse copies of the Annual Audit Report to the Lhengye Zhungtshog, concerned Head of the audited entity, the Chairperson of the Anti-Corruption Commission and the Chairperson of the Public Accounts Committee.

Publication of Reports

74. The Auditor General shall publish its Annual Audit Report every fourth quarter of the fiscal year on the activities carried out during the previous fiscal year.

Admissible period to respond

75. All audited entities must respond to the Audit Reports within the time frame as specified here under:
- a) Response to initial audit observations - within one month of the issue of field audit memos
 - b) Response to agency specific reports - within three months of the issue of the reports by the Authority
 - c) Response to draft Annual Audit Report - within one month of the issue of the draft by the Authority

Follow-up of Audit Reports

76. The Lhengye Zhungtshog, Ministries, and other concerned authorities shall be responsible to take timely follow-up actions on Audit Reports under this Act.
77. The Royal Audit Authority shall issue reminders on reports not being acted upon and if there be further non-compliance and non co-operation, a defaulting auditee must be questioned and required to submit explanation.

CHAPTER 7 : TESTIMONY

Testimony, opinion and reports

78. The Auditor General or an official authorized by him from the Authority shall be obligated to testify before the Parliament or the Judiciary.
79. The Auditor General shall review every five years the auditing system for maximizing and utilizing the use of public funds and optimizing the values for its intended purpose.
80. The Auditor General, or anyone designated to do so by him from the Authority may provide advice or information to a person or entity relating to the responsibilities of the Authority.

Expert opinion

81. The Authority may provide the Parliament and the administration with their professional knowledge in the form of expert opinions, including comments on financial bills when requested.

CHAPTER 8: ACCOUNTABILITY OF THE AUTHORITY

Auditing the Authority and Peer Review

82. The operations of the Authority shall be subject to the same standards and requirements established by this Act or other relevant Law.
83. The Parliament shall appoint independent auditors drawn from professional firms or bodies not within the audit jurisdiction of the Authority for auditing the annual accounts of Royal Audit Authority.
84. The Authority shall provide its financial statements and operational information to appointed auditor within 45 days after the end of a fiscal year.
85. The Auditor shall:
- (a) Submit a report on any matter related to the operations of the Authority without fear or favour or prejudice, to the Parliament; and
 - (b) If required testify before the Parliament or entities of the Parliament on matters related to the operations of the Authority.
86. The Authority may undertake a peer review by a member of peer organizations or other professional bodies from time to time to ensure consistency and high standard of auditing.

Protection of information, sources and persons

87. Auditors shall respect the security requirements applicable to the information that they receive and obtain.
88. The Authority shall maintain the confidentiality of the source of any information received about potential offences, in good faith and trust, under the laws of the Kingdom.
89. The Authority shall not provide information to any member of the public or any person or authority, if in its opinion, the information has:
 - (a) To be held confidential under national laws and accepted legal practice;
 - (b) Commercial and industrial confidentiality of national significance; and
 - (c) National Security and larger public interest implications under laws of the Kingdom.
90. The Authority shall give the same level of confidentiality and protection as is required by laws of the Kingdom for any secret or sensitive material or evidence, written or otherwise, obtained by or made available to the Authority from an entity pursuant to this Act.
91. The Authority shall:
 - (a) Provide for the safety of person whose assistance and cooperation had been significant and material for an audit in upholding the public interests;

- (b) Require the appropriate authorities to provide protection and ensure safety of person whose support to the Authority is significant and material for enhancement or safeguarding of the national interest; and
- (c) Require authorities to provide protection and ensure safety of auditors, where, in the opinion of the Auditor General, there is apparent risk and threat to their safety.

CHAPTER 9: OFFENCES AND PENALTIES

Offences

- 92. Any person who has committed an offence under this Act or who fails to comply with any provision of this Act shall be guilty of an offence.
- 93. A complainant or informer, who knowingly gives or causes to be given any false or misleading information relating to any offence committed by an entity or a person with malicious intent shall be guilty of an offence.

Prosecution

- 94. No person shall be liable for an offence under this Act unless found guilty and convicted by a court of law.
- 95. A person alleged of commission of an offence shall be prosecuted by the Office of the Attorney General in accordance with its Act and other relevant laws.

Penalties

96. Any person who is found guilty of an offence shall on conviction be liable to punishment provided for such offence under the Penal Code of Bhutan or other relevant laws of the Country.
97. Every person convicted of an offence of corruption under this Act or any other law, for which no penalty is specifically provided under the Penal Code of Bhutan or any other law, shall be liable to a fine or to imprisonment, or both, as graded by the court.
98. Any disciplinary action against the auditors or other staff can be imposed only with the Service Rules framed under this Act.

CHAPTER 10: MISCELLANEOUS

Immunity from prosecution

99. The Auditor General and its auditors shall enjoy immunity from prosecution for any lawful act arising from the due discharge of their duties under this Act.

Rule making power

100. The Authority may make rules necessary to carry out its functions economically, efficiently and effectively in accordance with law.

Authoritative Text

101. The Dzongkha text shall be the authoritative text, if there exist any difference in meaning between the Dzongkha and the English text of this Act.

Amendment

102. The amendment of this Act may be effected only by the Parliament.

Definitions

103. For the purpose of this Act unless the context indicate otherwise, the words, phrases and acronym are defined as follows:
- (a) “Accounts” means the records, ledgers and books, maintained under existing laws showing particulars of transactions, and other documents substantiating such transactions.
 - (b) “Act” means the Audit Act of the Kingdom of Bhutan.
 - (c) “Audit” means formal inspection, investigation, examination or review of an individual’s or organization’s accounting records, operations, financial position, or compliance with applicable laws, rules, regulations and standards and ascertaining whether or not the intended objectives are achieved.
 - (d) “Auditor General” means the Auditor General of Bhutan appointed under the Constitution and this Act.

- (e) “Authority” means the Royal Audit Authority of Bhutan established by the Constitution of the Kingdom with power to enforce this Act.
- (f) “Corruption” means as defined in the Anti Corruption Act.
- (g) “Government” means the Royal Government of Bhutan.
- (h) “Kingdom” means the Kingdom of Bhutan.
- (i) “Misbehavior” means any action or inaction in violation of the code of professional conduct mentioned in this Act.
- (j) “Peer Review” means a periodic outside review of an organization’s quality control system to maintain and improve the quality of the services performed by peer organizations committed to excellence and professionalism.
- (k) “Performance Audit” means the aspects of value-for-money (VFM), operational and management audits including an audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities and any other review or examination of any aspect of the operations of an entity including audit of any performance report prepared by the management.