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



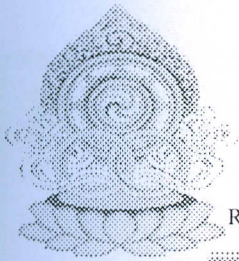
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**AUDIT REPORT ON
THE ACCOUNTS AND OPERATIONS OF
THE PROJECT 'MADANJEET SINGH CENTER FOR SOUTH
ASIA FORESTRY STUDIES - PROGRAMME' AT UGYEN
WANGCHUCK INSTITUTE FOR CONSERVATION AND
ENVIRONMENT, LAMAIGOMPA, BUMTHANG**

PERIOD: 01.07.2012 TO 30.06.2013

JULY 2013

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



OFFICE OF THE ASSISTANT AUDITOR GENERAL
ROYAL AUDIT AUTHORITY
BUMTHANG

Bhutan Integrity House

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



RAA/OAAG-BT/MoAF-18/04

Date 25/07/2013

The Director
Department of Forests & Park Services
Thimphu

Subject: **Audit Report on the accounts and operations of the Project 'Madanjeet Singh Center for South Asia Forestry Studies - Programme' at Ugyen Wangchuck Institute of Conservation & Environment, Lamaigompa for the period 01/07/2012 to 30/06/2013**

Sir,

Enclosed herewith please find the audited *Financial Statements and auditors' report thereon* in respect of Project titled 'Madanjeet Singh Center for South Asia Forestry Studies - Programme' implemented by the Ugyen Wangchuck Institute of Conservation & Environment (UWICE), Lamaigompa for the fiscal year ended 30th June 2013. The audit was conducted as required under the Audit Act of Bhutan 2006.

Auditors' Report on the Financial Statements

As may be noted from the Auditors' Report, the Ugyen Wangchuck Institute for Conservation & Environment, Lamaigompa had generally maintained proper books of accounts, and the financial statements were in agreement with the accounting records. Accordingly, the RAA has issued unmodified (clean) report.

Since there were no significant observation noted during the audit the report is issued without audit findings.

We acknowledge the kind co-operation and assistance extended to the audit team by the officials and staff members of the Institute, which facilitated the timely completion of the audit.

Yours Sincerely,

(Cheki Dorji)
Asst. Auditor General

Copy to:

1. The Secretary, Ministry of Finance, Tashichho Dzong, Thimphu
2. The Secretary, Ministry of Agriculture and Forests, Thimphu
3. The Director, UWICE, Lamaigompa, Bumthang
4. The Assistant Auditor General, PP & AARD, RAA, Thimphu
5. Follow up Section, OAAG, RAA, Bumthang.

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

TITLE SHEET

1. Title : Audit Report on the Accounts
& Operations of the Ugyen Wangchuck
Institute of Conservation & Environment,
Lamaigompa
2. Head of the Agency : Ngawang Norbu, Director *
EID No. 9901090
3. Head of Finance : Om Prakash Rai, Asstt. Accountant
EID No. 200907009
4. Period of Audit : 01.07.2012 to 30.06.2013
5. Schedule of Audit : Planned – 10/06/2013 to 24/06/2013
Field – 23/06/2013 to 02/07/2013
6. Engagement Letter No. : No. OAAG-BT/ADM-01/2013/646 dated
21/05/2013
7. Composition of the Audit Team : 1. Sigey Dorji, Audit Officer
EID No. 9308081
2) Sonam Tenzin, Auditor
EID No. 9410042
8. Focal Person : Sigey Dorji
9. Supervising Officer : Cheki Dorji, Assistant Auditor General
EID No. 9711012
10. Date of Audit Exit Conference : Not conducted



Disclaimer Note

The coverage of this report is based on the facts, figures and information made available and accessible to the audit team by the **UWICE, Lamaigompa, Bumthang**. The opinion of the auditors shall confine to the period covered and information made available till the time of issue of this report.

This is also to certify that the auditors during the audit had neither yielded to pressure, nor dispensed any favour or resorted to any unethical means that would be considered as violation of the Royal Audit Authority's Oath of Good Conduct, Ethics and Secrecy.

Acronyms

AAG	:	Assistant Auditor General
AR	:	Audit Report
BT	:	Bumthang
EID No.	:	Employee Identity Number
MCSAFS	:	Madanjeet Singh Center for South Asia Forestry Studies.
PP&AARD	:	Policy, Planning and Annual Audit Report Division
QAAG	:	Office of the Assistant Auditor General
RAA	:	Royal Audit Authority
SAF	:	South Asia Foundation
UWICE	:	Ugyen Wangchuck Institute for Conservation & Environment

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**AUDITORS' REPORT ON THE FINANCIAL
STATEMENTS**

**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE
'MADANJEET SINGH CENTER FOR SOUTH ASIA FORESTRY STUDIES –
PROGRAMME' IN UWICE, LAMAIGOMPA, BUMTHANG FOR THE
FINANCIAL YEAR ENDED 30TH JUNE 2013**

The Royal Audit Authority (RAA) has audited the accompanying financial statements of the Project 'Madanjeet Singh Center for South Asia Forestry Studies – Programme' implemented by the UWICE, Lamaigompa, Bumthang which comprise the Receipts and Payments Statement and schedules forming part of the financial statements for the financial year ended 30th June 2013, as required under the Audit Act of Bhutan 2006.

Management's responsibility for the financial statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with the Financial Rules and Regulations 2001 and the project agreement. This responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

RAA's responsibility

The RAA's responsibility is to express an opinion on these financial statements based on its audit. The RAA conducted the audit in accordance with RAA's Auditing Standards and Generally Accepted Auditing Standards. Those standards require that the RAA complies with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Scope of Audit

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall financial statement presentation.

The RAA believes that the audit evidence obtained by it is sufficient and appropriate to provide a basis for its audit opinion.

Opinion

In RAA's opinion, the financial statements present fairly in all material respects the financial operations of the Project for the year ended 30th June 2013, and of its fund balance as on that date in accordance with the Financial Rules and Regulations 2001 and the project agreement.


Auditor

Concurred and Noted:



Assistant Auditor General

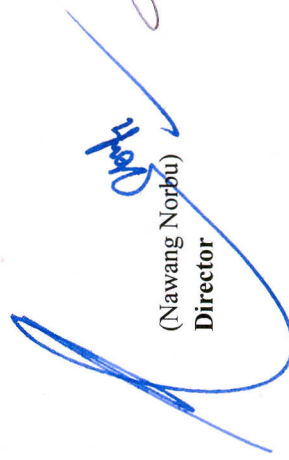
Date: 25/7/2013

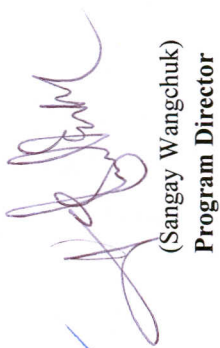


UGYEN WANGCHUCK INSTITUTE FOR CONSERVATION AND ENVIRONMENT
 MCSAFS- PROGRAM
 ACCOUNT NO. 5008741089008

RECEIPT AND PAYMENT STATEMENT FOR THE PERIOD JULY 01/07/2012 TO 30/06/2013

Particulars	RECEIPTS		PAYMENTS	
	For the period 01/07/2012 to 30/06/2013	Since Inception to 30/06/2013	For the period 01/07/2012 to 30/06/2013	Since Inception to 30/06/2013
Received from SAF office Thimphu	4,043,106.00	4,043,106.00	Program Expenditure	1,247,700.60
Bank Interest	53,565.19	53,565.19	Construction Expenditure	2,862,203.00
Total	4,096,671.19	4,096,671.19	Total	4,109,903.60
			Advance	
			Nil	
			Closing balance	
			(a) Cash	
			(b) Bank	-13,232.41
Total	4,096,671.19	4,096,671.19	Total	4,096,671.19


 (Nawang Norbu)
 Director


 (Sangay Wangchuk)
 Program Director


 (Om Prakash Rai)
 Accounts


 (Audit Officer)
 Royal Audit Authority

UGYEN WANGCHUCK INSTITUTE FOR CONSERVATION AND ENVIRONMENT,
LAMAI GOEMPA, BUMTHANG

MADANJEET SINGH CENTER FOR SOUTH ASIA FOUNDATION - PROGRAM

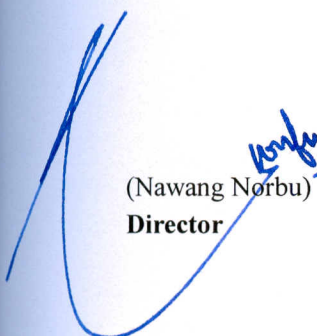
STATEMENT OF OVER ALL FUND RECONCILIATION

(For the period from inception to 30/06/2013)

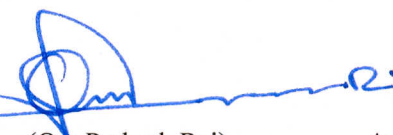
1. Fund Received	
i. MCSAFS-Program	Nu. 4,043,106.00
ii. ISE Congress	Nu. 421,450.78
Bank Interest Received	Nu. 53,565.19
Less: Accumulated Expenditure as on 30/06/2013	
i. MCSAFS-Program	Nu. 4,109,903.60
ii. ISE Congress	<u>Nu. 202,466.00</u>
Fund Balance	<u>Nu. 205,752.37</u>

Fund Represented by:

2. Fund Balance with UWICE	
(i) Cash	Nu. Nil
(ii) Bank (MCSAFS-Program)	Nu.(-) 13,232.41
(iii) Bank (ISE Congress)	<u>Nu. 218,984.78</u>
Fund balance	<u>Nu. 205,752.37</u>


(Nawang Norbu)
Director


(Sangay Wangchuk)
Program Director


(Om Prakash Rai)
Accounts


Audit Officer
Royal Audit Authority



Untitled

BHUTAN NATIONAL BANK - BUMTHANG
Post Box No: 143
Phone: 03-631625/26 & Fax: 03-631898
Email: bumthang@bnb.bt & website: www.bnb.bt

STATEMENT OF ACCOUNT FOR : 5008741089008 : SAVINGS ACCOUNT (JOINT)
CREDIT LIMIT AMOUNT : 0.00 EXPIRY DATE :
PERIOD OF STATEMENT : 01-JUN-2013 - 30-JUL-2013 PAGE : 1

COPY AS OF 01-JUL-2013

008741089
MCSAFS
MCSAFS-PROGRAM
UWICE
LAMEGONPA
BUMTHANG

DATE	DESCRIPTION	REFERENCE	DEBIT	CREDIT	BALANCE
01.06.13	BAL BROUGHT FWD				24,980.06
06.06.13	TRANSFER OF FUND AMT TRF FRM AC#21251003 OF SOUTH ASIA TO AC#5008741089008 OF UWICE			180,000.00	204,980.06
29.06.13	INTEREST ON SAVINGS	008SA04BTN 00002		772.31	205,752.37
	CLOSING CREDIT BALANCE				205,752.37
0	DEBITS		0.00		
2	CREDITS		180,772.31		

* = UNAUTH ENTRY / R = REVERSAL

BHUTAN NATIONAL BANK - BUMTHANG

ANNEXURES

Profile

1. Background

A Memorandum of Understanding was signed on 17th March 2010 between the Ugyen Wangchuck Institute for Conservation and Environment and the South Asia Foundation, for the establishment of the Madanjeet Singh Center for South Asia Forestry Studies at the Ugyen Wangchuck Institute for Conservation and Environment.

The following are the salient features of the MoU:

1. The MCSAFS shall be established at the Ugyen Wangchuck Institute for Conservation and Environment in Bhutan. The MCSAFS shall offer Diploma, BSc and MSc courses in Forestry in collaboration with the College of Natural Resources, Lobesa, Royal University of Bhutan. The MCSAFS will also facilitate and conduct research in areas related to Forestry with relevance to South Asia.
2. The MCSAFS will offer at least 8 fully paid Madanjeet Singh Group Scholarships to study at the MCSAFS; including travel, board and lodging and tuition fees to South Asian students based on gender equality, 1 from each of the eight SAARC countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
3. Besides formal courses in forestry, the MCSAFS shall strengthen pluralistic culture through extracurricular activities associated with arts and culture.
4. Subject to availability of funds, a number of visiting Research Fellowships shall be offered to PhD students from SAARC countries for data collection, consultations and field study at any of the Central Universities in India for a maximum period of six months. The fellowship shall cover economy class travel by Air/rail and provide Rs. 20,000/- per month and a onetime contingency grant of Rs. 10,000/- to meet living expenses.

2. Objectives of the MCSAFS

1. The MCSAFS shall through the promotion of science and education in the field of forestry nurture a new generation of ecological and environmental leaders to contribute towards the building of a sustainable future for South Asia and the planet as a whole.

By bringing together the next generation of forest scientists and leaders, the MCSAFS shall also achieve its preeminent objective of fostering and promoting regional cooperation.

3. Organization Structure of MCSAFS

1. Governing Council:

- Hon'ble Minister, Ministry of Agriculture and Forests: Chairperson
- Chairperson of SAF-Bhutan Chapter: Co-Chairperson

- SAF Founder/ His Representative: Member
- Director, UWICE: Member Secretary

2. Advisory Council:

- Hon`ble Secretary, Ministry of Agriculture and Forests: Chairperson
 - One SAF Trustee and 4 subject experts nominated by the SAF Founder (2 from SAARC countries): Members
 - Director, College of Natural Resources, Royal University of Bhutan: Member
 - Head, Forestry Faculty, College of Natural Resources, Royal University of Bhutan: Member
 - Director, UWICE: Member
 - Finance Officer, UWICE: Member
 - Head, Sustainable Forestry Department, UWICE: Member Secretary
3. The Advisory Council shall provide functional directions for the Center. The Advisory Council meeting shall be convened at least once a year. The member Secretary of the Advisory Council shall present the Annual Report, the Audited Accounts, and the coming year's budget and activity plan.

4. Financial Contribution of SAF

1. SAF shall contribute US \$ 5,00,000 (USD Five Hundred Thousand Only) towards the establishment and operation of the MCSAFS over a period of five years. This amount will be transferred into the account of the SAF Bhutan Chapter who will be the custodian of the SAF Fund and allocate annually as per the budget approved by the MCSAFS Governing Council.
2. The SAF Bhutan Chapter shall retain 5% from the overall financial contribution.
3. The annual SAF contributions will be paid through the SAF Bhutan Chapter into an exclusive bank account operated by the UWICE. All expenditures will be made as per the annual plans approved by the Governing Council.
4. The interest earned on the funds (if any) shall be used only for activities of the MCSAFS.
5. UWICE shall fully conform to the *attached Financial Implementation Regulations Annexure (attached)*.

5. Personal Contribution of SAF Founder

1. The UWICE shall construct a building and other relevant facilities for hosting the MCSAFS.
2. For the above, the SAF Founder, Ambassador Madanjeet Singh shall contribute an amount of US \$ 5,00,000 (USD Five Hundred Thousand Only) from his personal account.
3. Any remaining costs shall be borne by the UWICE.

6. SAF Regulations

1. In conformity with the SAF Governing Council resolution adopted in 2002 at Beaulieu-sur-Mer, France, SAF shall not fund any project without at least a matching contribution in cash or kind against SAF's financial assistance.

2. Before receiving any subsequent installments of funds, MCSAFS shall submit an annual Audit Report and a progress report of the Institute to the SAF Trustees.
3. SAF shall discontinue funding MCSAFS, where MCSAFS fails to fully comply with SAF's preeminent objective of promoting regional cooperation as specified in this MoU.

7. Contribution of UWICE

1. To match with SAF's contribution and in conformity of SAF Governing Council resolution of 2002, the UWICE shall provide:
 - Land and space for construction of the MCSAFS
 - Permanent faculty for the programmes
 - Campus accommodation for students and visiting faculty
 - Internet and library facilities
 - Administrative and logistic support

8. The Implementation of the MoU

1. The MoU shall be effective on the date upon which the Parties append their signatures to it.
2. The 'terms and conditions' within the MoU may be modified as and when required with the consent of the parties.
3. Either party shall be entitled to terminate the MoU upon providing the other party with three calendar month's advance notice.
4. In case the MoU is terminated, for whatever reason, the rights of the MCSAFS and SAF shall be abrogated; and all rights to any properties or investments made as part of the MoU will revert to the Royal Government of Bhutan.

Objectives of Auditing:

The objective of audit is to ascertain and report whether;

- the management has complied with the laws, policies, rules and regulations issued by the ministry from time to time;
- the management has been managing and utilizing its financial resources economically and efficiently;
- the desired results or benefits established by the project are being achieved; and
- the taxes and levies are realized and accounted accurately.

Methods adopted for auditing

- (i) Reviewing internal controls in place in the system;
- (ii) Inspection and examination of the records, documents and statements;
- (iii) Determining if the rules and regulations that are enforce have been complied with;
- (iv) Seeking relevant information from knowledgeable person inside and outside the organization;
- (v) Conducting interviews with the beneficiaries or payee;
- (vi) Checking the arithmetical accuracy of the accounting records; and
- (vii) Conducting the physical verification of assets, stores and undertaking site visits and take measurements of the constructions.
