

AIN: 17103



**FINANCIAL AUDIT REPORT  
OF THE  
PROJECT TITLED 'PROMOTING INTEGRATED  
BAMBOO BASED ENTERPRISE DEVELOPMENT  
AMONG SAARC COUNTRIES' IMPLEMENTED BY  
TARAYANA FOUNDATION,  
THIMPHU**

**PERIOD: 01.01.2020 TO 31.12.2020**

**FEBRUARY 2021**



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ROYAL AUDIT AUTHORITY



*Bhutan Integrity House*

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

RAA/(OSA-01)/AR-TF/2021/ 154

Dated: 24/2/21

The Secretary General  
Tarayana Foundation  
Thimphu

**Subject:** Financial Audit Report of Project titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation for the period 01 January 2020 to 31 December 2020

Sir,

Enclosed herewith, please find the audited financial statements and auditors' report thereon in respect of the Project titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation for the period 1 January 2020 to 31 December 2020. 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 project in all material respects, in accordance with Financial Rules and Regulations 2016. Accordingly, the auditors have expressed unmodified (unqualified) opinion on the financial statements.

#### Achievements

The RAA has noted achievements made by the project during the period under audit, which are detailed in Annexure B of this report.

The Royal Audit Authority acknowledges the kind co-operation and assistance extended to the audit team by the officials of the project management which facilitated the completion of the audit.

Yours sincerely,

(Karma Jambayang)  
Assistant Auditor General  
Compliance & Outsourced Audit Division

*"Every individual must strive to be principled. One individual is powerless if responsibility rests with other hands."  
འདི་ལྟར་དུ་ཀུལ་གཞུང་གི་འཛིན་པ་ལྷན་ཁང་གི་འཛིན་པ་རྒྱུ་ཡིན།*

**Copy to:**

1. The AAG, PPAARD, Royal Audit Authority, Thimphu
2. The AAG, Follow-Up & Clearance Division, Royal Audit Authority, Thimphu
3. The Member Secretary, Civil Society Organization Authority, Thimphu
4. The Partner, Tra Doen Associates Private Limited, Hejo, Thimphu
5. Office copy

*"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                        | : Financial Audit Report of Project titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation, Thimphu |
| 2. AIN                          | :   |
| 3. Head of the Agency           | : Chime Paden Wangdi, Secretary General<br>(CID No. 11410003243)  |
| 4. Drawing & Disbursing Officer | : Sonam Pem, Director of Programme<br>(CID No. 10805002003)<br>Roseleen Gurung, Chief Programme Officer<br>(CID No. 10812000633)  |
| 5. Finance Personnel            | : Tandin Wangchuk, Asst. Finance Officer<br>(CID No. 11410005378)   |
| 6. Period Audited               | : 01.01.2020 to 31.12.2020  |
| 7. Schedule of Audit            | : Planning : 16.02.2021 to 19.02.2021<br>Actual : 16.02.2021 to 17.02.2021<br>Reporting:  |
| 8. Composition of Audit Team    | : Tenzin Jamtshok, Team Leader<br>(CID No: 10712001342)<br>Pema Rinchen, Team Member<br>(CID No. 10706002796)   |
| 9. Supervising Officer          | : Kesang Wangdi (CID No. 11605000217)<br>Partner, Tra Doen Associates Pvt. Ltd.   |
| 10. Overall Supervising Officer | : Kesang Wangdi (CID No. 11605000217)<br>Partner, Tra Doen Associates Pvt. Ltd.   |
| 11. Audit Engagement Letter No. | : RAA(OSA-01)/AC/2021/08 dated 14 February 2021   |
| 12. Focal Person                | : Kesang Wangdi, Auditor<br>kes_wang@yahoo.com  |
| 13. Date of Exit Conference     | : Not Conducted   |

## GLOSSARY OF ABBREVIATION & ACRONYMS

|         |   |                                  |
|---------|---|----------------------------------|
| AAG     | : | Assistant Auditor General        |
| AR      | : | Audit Report                     |
| CID No. | : | Citizen Identity Card Number     |
| CFC     | : | Common Facility Centres          |
| COAD    | : | Compliance & Outsourced Division |
| FUCD    | : | Follow-Up and Clearance Division |
| IA      | : | Implementing Agencies            |
| RAA     | : | Royal Audit Authority            |
| SDF     | : | SAARC Development Fund           |
| TDAPL   | : | Tra Doen Associates Pvt. Ltd.    |
| TF      | : | Tarayana Foundation              |

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**AUDITORS' REPORT ON THE FINANCIAL  
STATEMENTS**





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**Tra Doen Associates Pvt. Ltd.**  
*"Excellence in Financial Services"*

**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE PROJECT TITLED 'PROMOTING INTEGRATED BAMBOO BASED ENTERPRISE DEVELOPMENT AMONG SAARC COUNTRIES' IMPLEMENTED BY TARAYANA FOUNDATION FOR THE PERIOD 01 JANUARY 2020 TO 31 DECEMBER 2020**

**Opinion**

We have audited the financial statements of Project titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation, which comprise the Receipts and Payments Statement and schedules forming part of financial statements for the period 01 January 2020 to 31 December 2020.

In our opinion, the 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 Statement* section of our report. We are independent of project management, in accordance with RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors, and we have fulfilled our responsibilities in accordance with the requirements outlined in this Code. We believe that the audit evidence we have 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 project'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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of 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 expressing an opinion on the effectiveness of the project'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.

  
(Kesang Wangdi)  
Partner

Dated : 24/2/2021

Place : Thimphu



**ENCLOSURE**

Project Titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by  
Tarayana Foundation

**RECEIPTS & PAYMENTS STATEMENT**

**SDF Bamboo Project**

For the period from 1 January 2020 to 31 December 2020

| PARTICULARS                                   | SCHEDULE | RECEIPTS            |                  | PAYMENTS            |                  |
|---|----------|---------------------|------------------|---------------------|------------------|
|   |          | BTN (Nu.)           | USD              | BTN (Nu.)           | USD              |
| <b>Opening Balance:</b>                       |          |                     |                  |                     |                  |
| Cash in Hand                                  |          |                     |                  |                     |                  |
| Cash at Bank                                  |          | 2,572,932.38        | 37,127.45        |                     |                  |
| <b>Revenue:</b>                               |          |                     |                  |                     |                  |
| 1. Programme Grant from SDF                   | 1        | -                   | -                |                     |                  |
| 2. Interest from Saving                       | 2        | 55,796.07           | 805.14           |                     |                  |
| <b>Interim Borrowings from IA (Recipient)</b> | 3        | 363,400.00          | 5,243.87         |                     |                  |
| <b>Recoveries &amp; Remittances</b>           | 4        | 10,489.16           | 151.36           | 51,224.58           | 739.17           |
| <b>Other Receivable from Core</b>             | 5        | 28,658.46           | 413.54           |                     |                  |
| <b>Advance &amp; Adjustments</b>              | 6        | 1,307,871.00        | 18,872.60        | 1,255,506.00        | 18,116.97        |
| <b>Program Activities Expenses:</b>           | 7        |                     |                  |                     |                  |
| 1. Establishment of CFC                       |          |                     |                  | 818,433.00          | 11,810.00        |
| 2. Prod. Harvesting & Post-Harvest            |          |                     |                  | 237,153.00          | 3,422.12         |
| 3. Design & Product Development               |          |                     |                  | 614,836.00          | 8,872.09         |
| 4. Skill Based Trainings On                   |          |                     |                  | 262,565.00          | 3,788.82         |
| 5. Marketing                                  |          |                     |                  | 360,826.00          | 5,206.72         |
| 6. Access to Finance                          |          |                     |                  | 537,376.00          | 7,754.34         |
| 7. Common Activities (Regional)               |          |                     |                  | 100,575.00          | 1,451.30         |
| <b>Closing Balance:</b>                       |          |                     |                  |                     |                  |
| Cash in Hand                                  |          |                     |                  | -                   | -                |
| Cash at Bank                                  |          |                     |                  | 100,652.49          | 1,452.42         |
| <b>Total</b>                                  |          | <b>4,339,147.07</b> | <b>62,613.95</b> | <b>4,339,147.07</b> | <b>62,613.95</b> |

*NOTE: Exchange Rate per US\$ is Nu. 69.30, exchange rate at which fund was received.*



(Thukten Tshering)  
Finance Officer

**Finance Officer**  
Tarayana Foundation  
Thimphu : Bhutan



(Chhime Paden Wangdi)  
Secretary General




(Tenzin Jamtshok)  
Auditor





Schedules forming part of the Receipts and Payments for the period from 01.01.2020 to 31.12.2020

**Schedule 1: Programme Budget (Grant from SDF - SAARC Development Fund)**

| Sl. No.      | Date | Amount (BTN) | Dollar (USD) | Remarks               |
|--------------|------|--------------|--------------|-----------------------|
| 1            |      | -            | -            | Balance C/F from 2019 |
| <b>Total</b> |      | -            | -            |                       |

Note: The exchange rate @ 69.30

**Schedule 2: Interest Earned from Saving Account**

| Sl. No.      | Date       | Amount (BTN)     | Dollar (USD)  | Remarks  |
|--------------|------------|------------------|---------------|--|
| 1            | 31/01/2020 | 10,619.71        | 153.24        | Exchange rate for the interest earned for the year @ 69.30 |
| 2            | 28/02/2020 | 9,720.43         | 140.27        |  |
| 3            | 31/03/2020 | 8,920.72         | 128.73        |  |
| 4            | 30/04/2020 | 7,258.25         | 104.74        |  |
| 5            | 31/05/2020 | 5,156.10         | 74.40         |  |
| 6            | 30/06/2020 | 3,500.62         | 50.51         |  |
| 7            | 31/07/2020 | 3,590.91         | 51.82         |  |
| 8            | 31/08/2020 | 2,314.74         | 33.40         |  |
| 9            | 30/09/2020 | 1,842.14         | 26.58         |  |
| 10           | 31/10/2020 | 1,768.72         | 25.52         |  |
| 11           | 30/11/2020 | 690.05           | 9.96          |  |
| 12           | 31/12/2020 | 413.68           | 5.97          |  |
| <b>Total</b> |            | <b>55,796.07</b> | <b>805.14</b> |  |

**Schedule 3: Details of Borrowings from Tarayana Core Fund**

**a. Borrowings from Tarayana Core Fund**

| Sl. No.      | Date/Cheque No.     | Amount (BTN)      | Dollar (USD)    | Remarks |
|--------------|---------------------|-------------------|-----------------|---------|
| 1            | 27/11/2020-(007458) | 76,400.00         | 1,102.45        |         |
| 2            | 27/11/2020-(007458) | 10,000.00         | 144.30          |         |
| 3            | 27/11/2020-(007462) | 106,000.00        | 1,529.58        |         |
| 4            | 27/11/2020-(007462) | 36,000.00         | 519.48          |         |
| 5            | 27/11/2020-(007462) | 84,000.00         | 1,212.12        |         |
| 6            | 27/11/2020-(007462) | 31,000.00         | 447.33          |         |
| 7            | 27/11/2020-(007462) | 20,000.00         | 288.60          |         |
| <b>Total</b> |                     | <b>363,400.00</b> | <b>5,243.87</b> |         |

Note: The exchange rate @ 69.30

**Schedule 4: Recoveries & Remittances**

**i. Recoveries**

| Sl. No.      | Particulars (TDS)         | Amount (BTN)     | Dollar (USD)  | Remarks |
|--------------|---------------------------|------------------|---------------|---------|
| 1            | 2% Bhutanese Contract     | 10,489.16        | 151.36        |         |
| 2            | 3% Non-Bhutanese Contract |                  | -             |         |
| <b>Total</b> |                           | <b>10,489.16</b> | <b>151.36</b> |         |

**iii. Remittances**

|              |      |                  |               |  |
|--------------|------|------------------|---------------|--|
| 1            | RRCO | 51,224.58        | 739.17        |  |
| <b>Total</b> |      | <b>51,224.58</b> | <b>739.17</b> |  |

**Schedule 5: Other Receivable from Core**

| <b>i. Reimbursement to Staffs</b> |   |                  |               |                 |
|-----------------------------------|---|------------------|---------------|-----------------|
| 1                                 | Sonam Gyaltshen                         | 16,456.00        | 237.46        |                 |
| 2                                 | Tandin Wangchuk                         | 8,880.00         | 128.14        |                 |
| <b>Total</b>                      |   | <b>25,336.00</b> | <b>365.60</b> |                 |
| <b>ii. Bank Charges</b>           |   |                  |               |                 |
| 1                                 | Deposit (Inter Bank Charges)            | 1,455.30         | 21.00         | Bank SDF PIBBED |
| 2                                 | Vivekanand Shetty                       | 481.59           | 6.95          | Bank SDF PIBBED |
| 3                                 | INDEBO TRAVELS PVT LTD                  | 624.59           | 9.01          | Bank SDF PIBBED |
| 4                                 | Konkan Bamboo & Cane Development Centre | 760.98           | 10.98         | Bank SDF PIBBED |
| <b>Total</b>                      |   | <b>3,322.46</b>  | <b>47.94</b>  |                 |
| <b>Total (i + ii)</b>             |   | <b>28,658.46</b> | <b>413.54</b> |                 |

**Schedule 5: Details of Advance & Adjustment**

| Sl No.  | Name            | Advance    |                     | Adjustment |                     | Balance          |                 |              |            |
|---|-----------------|------------|---------------------|------------|---------------------|------------------|-----------------|--------------|------------|
|   |                 | Date       | Amount (BTN)        | Date       | Amount (BTN)        | Dollar (USD)     | Received        | Dollar (USD) | Receivable |
|   |                 | 07/02/2020 | 22,000.00           | 17/04/2020 | 22,000.00           | 317.46           | -               | -            | -          |
|   |                 | 07/02/2020 | 28,000.00           | 15/04/2020 | 28,000.00           | 404.04           | -               | -            | -          |
|   |                 | 28/02/2020 | 128,150.00          | 17/04/2020 | 128,150.00          | 1,849.21         | -               | -            | -          |
|   |                 | 15/04/2020 | 9,556.00            | 30/09/2020 | 9,556.00            | 137.89           | -               | -            | -          |
|   |                 | 07/08/2020 | 6,000.00            | 30/09/2020 | 6,000.00            | 86.58            | -               | -            | -          |
|   |                 | 07/08/2020 | 22,000.00           | 30/09/2020 | 22,000.00           | 317.46           | -               | -            | -          |
|   |                 | 07/08/2020 | 75,000.00           | 30/09/2020 | 75,000.00           | 1,082.25         | -               | -            | -          |
| 1   | Sonam Gyelshen  | 07/08/2020 | 51,690.00           | 30/09/2020 | 50,845.00           | 733.69           | 755.00          | 10.89        | -          |
|   |                 | 10/08/2020 | 43,000.00           | 30/09/2020 | 41,360.00           | 596.83           | 1,640.00        | 23.67        | -          |
|   |                 | 23/10/2020 | 97,800.00           | 14/12/2020 | 97,800.00           | 1,411.26         | -               | -            | -          |
|   |                 | 27/11/2020 | 106,000.00          | 25/12/2020 | 106,000.00          | 1,529.58         | -               | -            | -          |
|   |                 | 27/11/2020 | 36,000.00           | 14/12/2020 | 36,000.00           | 519.48           | -               | -            | -          |
|   |                 | 27/11/2020 | 84,000.00           | 14/12/2020 | 84,000.00           | 1,212.12         | -               | -            | -          |
|   |                 | 27/11/2020 | 31,000.00           | 14/12/2020 | 31,000.00           | 447.33           | -               | -            | -          |
|   |                 | 27/11/2020 | 20,000.00           | 14/12/2020 | 20,000.00           | 288.60           | -               | -            | -          |
|   |                 | 05/03/2020 | 152,600.00          | 01/04/2020 | 151,370.00          | 2,202.02         | 1,230.00        | 17.75        | -          |
|   |                 | 15/04/2020 | 31,350.00           | 13/05/2020 | 31,350.00           | 452.38           | -               | -            | -          |
| 2   | Passang Tobgay  | 16/06/2020 | 10,000.00           | 08/10/2020 | 9,800.00            | 141.30           | 200.00          | 2.89         | -          |
|   |                 | 07/08/2020 | 40,300.00           | 08/10/2020 | 40,300.00           | 581.53           | -               | -            | -          |
|   |                 | 10/08/2020 | 174,750.00          | 08/10/2020 | 174,700.00          | 2,521.65         | 50.00           | 0.72         | -          |
| 3   | Landin Wangchuk | 27/11/2020 | 86,400.00           | 17/12/2020 | 86,400.00           | 1,246.75         | -               | -            | -          |
| <b>Total</b>  |                 |            | <b>1,255,506.00</b> |            | <b>1,251,631.00</b> | <b>18,116.97</b> | <b>3,875.00</b> | <b>55.92</b> |            |
| <b>Other Adjustments: Advance taken balance amount refund</b> |                 |            |                     |            |                     |                  |                 |              |            |
| 1   | Passang Tobgay  | 3/2/2020   | 42,485.00           |            |                     | 613.06           |                 |              |            |
| 2   | Sonam Gyelshen  | 5/2/2020   | 9,880.00            |            |                     | 142.57           |                 |              |            |
| <b>Total</b>  |                 |            | <b>52,365.00</b>    |            |                     | <b>755.63</b>    |                 |              |            |
| <b>Grand Total</b>  |                 |            | <b>1,307,871.00</b> |            |                     | <b>18,872.60</b> |                 |              |            |



**Schedule 7: Program Activities (SDF Bamboo Project) Expenses**

| SL No.   | Particulars                        | Amount (BTN)        | Dollar (USD)     | Remarks |
|--|------------------------------------|---------------------|------------------|---------|
| <b>2 Establishment of CFC:</b>                                     |                                    |                     |                  |         |
| <b>2.1 Construction / Lease of CFC Building:</b>                   |                                    |                     |                  |         |
| 2.1.1  | Land & Building                    | 581,387.00          | 8,389.42         |         |
| 2.1.2  | Design / Business Model            | -                   | -                |         |
| 2.1.3  | Procurement of Machinery           | 20,596.00           | 297.20           |         |
| 2.1.4  | Other Establishment Cost           | -                   | -                |         |
| <b>2.2 Operational Cost:</b>                                       |                                    |                     |                  |         |
| 2.2.1  | Human Resources                    | -                   | -                |         |
| 2.2.2  | Utilities-recurring Costs          | 216,450.00          | 3,123.38         |         |
| <b>Total Establishment of CFC</b>                                  |                                    | <b>818,433.00</b>   | <b>11,810.00</b> |         |
| <b>3 Prod, Harvesting &amp; Post-Harvest:</b>                      |                                    |                     |                  |         |
| <b>3.1 Planting Material:</b>                                      |                                    |                     |                  |         |
| 3.1.1  | Setting of Bamboo Nursery          | 51,136.00           | 737.89           |         |
| 3.1.2  | Plantation & Management            | 28,500.00           | 411.26           |         |
| <b>3.2 Harvesting:</b>   |                                    |                     |                  |         |
| 3.2.1  | Harvesting Practices               | -                   | -                |         |
| 3.2.2  | Shoot Processing & Packing         | 99,929.00           | 1,441.98         |         |
| <b>3.3 Post-Harvest Processing</b>                                 |                                    |                     |                  |         |
| 3.3.1  | Post Harvesting Training           | 29,300.00           | 422.80           |         |
| 3.3.2  | Seasoning, Store, Grad & Sort      | 28,288.00           | 408.20           |         |
| <b>Total Prod, Harvesting &amp; Post-Harvest</b>                   |                                    | <b>237,153.00</b>   | <b>3,422.12</b>  |         |
| <b>4 Design &amp; Product Development:</b>                         |                                    |                     |                  |         |
| 4.1  | Market Study / Assessment          | -                   | -                |         |
| 4.2  | Design & Development of prototypes | 614,836.00          | 8,872.09         |         |
| <b>Total Skill Based Trainings On</b>                              |                                    | <b>614,836.00</b>   | <b>8,872.09</b>  |         |
| <b>5 Skill Based Trainings On:</b>                                 |                                    |                     |                  |         |
| <b>5.1 Training of Trainers</b>                                    |                                    |                     |                  |         |
| <b>5.2 Cluster artisans/ Entrepreneurs:</b>                        |                                    |                     |                  |         |
| 5.2.1  | Handicraft                         | -                   | -                |         |
| 5.2.2  | Furniture                          | 116,540.00          | 1,681.67         |         |
| 5.2.3  | Housing & Construction             | 44,408.00           | 640.81           |         |
| 5.2.4  | Lifestyle Products                 | 101,617.00          | 1,466.33         |         |
| <b>Total Skill Based Trainings On</b>                              |                                    | <b>262,565.00</b>   | <b>3,788.82</b>  |         |
| <b>6 Marketing</b>   |                                    |                     |                  |         |
| 6.1  | Explosure Visits                   | 24,165.00           | 348.70           |         |
| 6.2  | Participation in Exhibition        | 57,756.00           | 833.42           |         |
| 6.3  | Product Branding                   | 278,905.00          | 4,024.60         |         |
| <b>Total Marketing</b>   |                                    | <b>360,826.00</b>   | <b>5,206.72</b>  |         |
| <b>7 Access to Finance:</b>  |                                    |                     |                  |         |
| 7.1  | Business Plan Development          | 537,376.00          | 7,754.34         |         |
| <b>Total Access to Finance</b>                                     |                                    | <b>537,376.00</b>   | <b>7,754.34</b>  |         |
| <b>8 Common Activities - Regional (Knowledge Sharing IA Level)</b> |                                    |                     |                  |         |
| 8.1  | Focus Group Discussions            | -                   | -                |         |
| 8.2  | Experience & Knowledge Share       | -                   | -                |         |
| 8.4  | Project MNE                        | 100,575.00          | 1,451.30         |         |
| <b>Total Common Activities - Regional</b>                          |                                    | <b>100,575.00</b>   | <b>1,451.30</b>  |         |
| <b>Grand Total</b>   |                                    | <b>2,931,764.00</b> | <b>33,433.30</b> |         |

Note: The exchange rate @ 69.30



**COMPARISON OF BUDGET AND ACTUAL EXPENDITURES INCURRED BY THE PROJECT DURING THE YEAR -03, 2020**

| Sl. No.   | Approved Activity  | Approved Budget (A) | Budget Activities (B) |                | Actual (B)       |               |
|---|--|---------------------|-----------------------|----------------|------------------|---------------|
|   |  |                     | Amount (BTN)          | Dollar (USD)   | Amount (BTN)     | Dollar (USD)  |
| <b>1. Pre-implementation activities</b>                             |  | <b>8,000</b>        |                       |                |                  |               |
| 1.1   | Baseline Study   | 4,000               | -                     | -              | -                | -             |
| 1.2   | Situation analysis & Resource Mapping  | 4,000               | -                     | -              | -                | -             |
| <b>2. Establishment of CTC</b>                                      |  | <b>349,819.00</b>   |                       |                |                  |               |
| 2.1   | Construction / Lease of CTC building   |                     |                       |                |                  |               |
| 2.1.1   | Land and Building cost   | 56,249.00           | 42,681                | 652            | 581,387          | 8,389         |
| 2.1.2   | Design / Business Model of CTC   | 2,308.00            | -                     | -              | -                | -             |
| 2.1.3   | Procurement & installation of Machinery & Tools                                  | 114,750.00          | 2,547,273             | 38,019         | 20,596           | 297           |
| 2.1.4   | Other establishment cost (Stationery & Utility installations)                    | 16,929.00           | 246,158               | 3,674          | -                | -             |
| 2.2   | Operational cost:  |                     |                       |                |                  |               |
| 2.2.1   | Human Resource   | 90,831.00           | 2,028,559             | 30,277         | -                | -             |
| 2.2.2   | Utilities-recurring costs  | 21,914.00           | 578,706               | 8,638          | 216,450          | 3,123         |
| <b>3. Bamboo production, Harvesting and Post-harvest processing</b> |  | <b>37,389</b>       |                       |                |                  |               |
| 3.1   | Planting Material  |                     |                       |                |                  |               |
| 3.1.1   | Setting of model bamboo nursery (20 k pa.)                                       | 4,619.00            | -                     | -              | 51,156           | 738           |
| 3.1.2   | Training and model training manual on bamboo plantation and management practices | 2,720.00            | -                     | -              | 28,500           | 411           |
| 3.1.3   | Demonstration of bamboo plantation of commercial species                         | 0.00                | -                     | -              | -                | -             |
| 3.2   | Harvesting:  |                     |                       |                |                  |               |
| 3.2.1   | Training and model training manual on harvesting practices                       | 6,154.00            | 177,818               | 2,654          | -                | -             |
| 3.2.2   | Training on bamboo shoot processing and packaging                                | 7,000.00            | 134,000               | 2,000          | 90,529           | 1,442         |
| 3.3   | Post-harvest processing:   |                     |                       |                |                  |               |
| 3.3.1   | Training and training manual on post-harvesting                                  | 5,250.00            | 56,950                | 850            | 29,300           | 423           |
| 3.3.2   | Training on sawing, storage, grading and sorting                                 | 6,500.00            | 134,000               | 2,000          | 26,288           | 408           |
| <b>4. Design and Product Development</b>                            |  | <b>33,474.00</b>    |                       |                |                  |               |
| 4.1   | Market Study / Assessment  | 2,065.00            | -                     | -              | -                | -             |
| 4.2   | Design and Development of prototypes   | 27,906.00           | 335,000               | 5,000          | 614,836          | 8,872         |
| <b>5. Skill based trainings on:</b>                                 |  |                     |                       |                |                  |               |
| <b>5.1 Training of Trainers:</b>                                    | <b>21,540.00</b>   |                     |                       |                |                  |               |
| 5.1.1   | Handicraft   | 2,329.00            | -                     | -              | -                | -             |
| 5.1.2   | Furniture  | 2,329.00            | -                     | -              | -                | -             |
| 5.1.3   | Flouring & Construction  | 2,329.00            | -                     | -              | -                | -             |
| 5.1.4   | Lifestyle products   | 2,329.00            | -                     | -              | -                | -             |
| <b>5.2 Skill up graduation of cluster/artisans/ entrepreneurs:</b>  | <b>49,446.00</b>   |                     |                       |                |                  |               |
| 5.2.1   | Handicraft   | 11,595.00           | 254,600               | 2,800          | -                | -             |
| 5.2.2   | Furniture  | 12,923.00           | 275,809               | 4,117          | 119,540          | 1,682         |
| 5.2.3   | Flouring & Construction  | 12,846.00           | 234,500               | 3,500          | 44,408           | 641           |
| 5.2.4   | Lifestyle products   | 12,082.00           | 225,455               | 3,265          | 101,617          | 1,466         |
| 5.2.5   | Other business related aspects   | 0.00                | -                     | -              | -                | -             |
| <b>6. Marketing</b>   |  | <b>40,712.00</b>    |                       |                |                  |               |
| 6.1   | Exposure visits  | 8,000.00            | 134,000               | 2,000          | 24,162           | 349           |
| 6.2   | Participation in Exhibitions / fairs   | 23,498.00           | 556,904               | 8,312          | 37,756           | 503           |
| 6.3   | Product branding   | 9,214.00            | 271,810               | 4,057          | 278,905          | 4,024         |
| <b>7. Access to Finance</b>   |  | <b>27,346.00</b>    |                       |                |                  |               |
| 7.1   | Business plan development  | 27,346.00           | 592,682               | 8,846          | 537,376          | 7,754         |
| 7.2   | Linkages with Financial Institutions   | 1,500.00            | 33,500                | 500            | -                | -             |
| <b>8. Knowledge Sharing &amp; dissemination at TA's Level</b>       |  | <b>33,526.00</b>    |                       |                |                  |               |
| 8.1   | Franchise/ Group Discussions   | 1,400.00            | 33,500                | 500            | -                | -             |
| 8.2   | Review Workshops   | 4,095.00            | 167,500               | 2,500          | -                | -             |
| 8.3   | Experience and knowledge sharing visits  | 9,962.00            | 278,318               | 4,154          | -                | -             |
| 8.4   | Project monitoring and Evaluation  | 8,000.00            | -                     | -              | 100,575          | 1,451         |
| 8.5   | Short-term Trainings (less than 2 weeks)   | 10,069.00           | -                     | -              | -                | -             |
| <b>Grand Total</b>  |  | <b>597,195.00</b>   | <b>9,340,905</b>      | <b>139,415</b> | <b>2,931,764</b> | <b>42,305</b> |

NOTE: Exchange Rate per US\$ is Nu.69.30, exchange rate at which fund was received

  
(Thakten Tshering)  
Finance Officer

**Finance Officer**  
Tarayana Foundation  
Thimphu : Bhutan



  
(Chime Paden Wangdi)  
Secretary General

  
(Tenzin Jamtshok)  
Auditor



**Project Titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation**

**BANK RECONCILIATION STATEMENT**

**For the Period from 1 January 2020 to 31 December 2020**

Exchange Rate 69.30 (Year-2020)

|   | Amount (BTN) |                     | Amount (USD)     |
|---|--------------|---------------------|------------------|
| <b>A. Particulars:</b>  |              |                     |                  |
| Opening balance   |              | 2,572,932.38        | 37,127.45        |
| i Total Receipts  |              | 112,713.53          | 1,626.46         |
| ii Less: Closing Balance as per Cash Book                     |              | 100,652.49          | 1,452.42         |
| iii Difference: Amount Withdrawn as per cash book             |              | <b>2,584,993.42</b> | <b>37,301.49</b> |
| <b>B. Reconciliation:</b>                                     |              |                     |                  |
| 1 Amount withdrawn as per Bank Statement (Debit Balance)      |              | 2,728,701.42        | 39,375.20        |
| 2 Add: Cheque issued but not Presented to Bank                |              | -                   | -                |
| <b>Total (1+2)</b>  |              | <b>2,728,701.42</b> | <b>39,375.20</b> |
| 3 Less: Cheque issued in 2019 Presented in 2020               |              | 143,508.00          | 2,070.82         |
| 4 Less: Amount debited in Bank Statement but not in Cash Book |              | 200.00              | 2.89             |
| Ch. No. Nil dated 15/4/2020 & 4/11/2020                       | 50.00        |                     |                  |
| Ch. No. Nil dated 31/12/2020                                  | 150.00       |                     |                  |
| <b>Total (1+2-3-4)</b>  |              | <b>2,584,993.42</b> | <b>37,301.49</b> |



(Thukten Tshering)  
**Finance Officer**




(Chime Paden Wangdi)  
**Secretary General**



## **ANNEXURE - A: PROFILE**

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Tarayana Foundation was founded by Her Majesty The Queen Mother Ashi Dorji Wangmo Wangchuck and formally launched on 4<sup>th</sup> May 2003, by His Majesty Jigme Khesar Namgyel Wangchuck, the present king of Bhutan. The Foundation is a Public Benefit Organization, registered with the Civil Society Organization Authority of Bhutan.

**Vision:** *'A happy and prosperous Bhutan'.*

**Mission:** *'Tarayana Foundation believes in maximizing happiness and harmony among all Bhutanese people by providing opportunities for life improvement to the vulnerable communities in Bhutan. By helping community members learn and integrate new skills, Tarayana Foundation promotes self-empowerment and the importance of serving each other'.*

The SDF supported project titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation, was approved on 30<sup>th</sup> March 2017. The programme could be implemented only from October 2017, as the Foundation had to furnish clearance documents with regard to the leased land in Kalapang, Morgar and CFC in Bjoka, Zhemgang. The ending date of the project is 30 March 2020.

The project is focused on a bamboo based integrated development model by creating opportunities across harvesting to production and then marketing. The development model is based on identification of key stakeholders and their key challenges across the value chain. The creation of sustainable high value economic opportunities will directly improve the quality of life for farmers, artisans, micro & small enterprises, designers, traders and exporters. It is proposed that the project will conduct research in the development of bamboo and its composites as engineering materials for various end-use applications. Project will develop various bamboo based enterprises and will provide technical backstopping and facilitation as needed through creating Common Facility Centers. The ultimate goal of the project is to create opportunities to access information, skills and entrepreneurial facilitation in bamboo based income generating activities for Kalapang and Zhemgang communities and makes them self reliant using local resources and skills. The knowledge and technology base in the use and application of bamboo resources will be greatly enhanced. Reducing wastage of the resources, sustainable harvesting practices coupled with better designs and targeted marketing should collectively be able to give the rural communities higher rates of return for their efforts.



## ANNEXURE - B: ACHIEVEMENTS

The Auditors while reviewing the accounting records and operations of the Project titled 'Promoting Integrated Bamboo Based Enterprise Development among SAARC Countries' implemented by Tarayana Foundation, Thimphu had also reviewed the plans and programs implemented during the period under audit and noted the following accomplishments:

- Skill based trainings in the following areas were carried out in the first and second quarter of 2020:
  - In Mongar, six master artisans trained at Kudal were the facilitators for the skill up gradation for the artisans and farmers, and conducted training in bamboo skills enhancement and diversification in bamboo products
  - 109(63m, 46) artisans in Mongar (Brokser, Nagor, Gyalgong, Dhaksa, Pikari, Bagla, Pam and Sengor) were trained in bamboo handicrafts. 77(47m, 30f) SHG members in Mongar were trained in bamboo furniture making. A total of 77 (45 m, 32 f) community members in Mongar were trained in bamboo housing and construction components 94(53m,41f) people were trained in bamboo lifestyle products in Mongar
  - In Zhemgang, 30 people (17f and 13 m) in Kamati village were trained in bamboo handicrafts & furniture making in Zhemgang. Under Zhemgang in Kagtong, 31 artisans (18f, 13m) were trained in bamboo lifestyle products & handicrafts while in Rebatu 26 artisans (14 f, 12 m) were trained in bamboo furniture & construction. A total of 30 artisans (20 f, 10m) from Nangla were trained in bamboo handicrafts and lifestyle products whereas in Chapgoenpa a total of 18 (5 f, 13 m) were trained in bamboo handicrafts, both in Zhemgang. In Zhemgang, 64 artisans (33 f, 31m) from Bjoka Trong were trained in bamboo handicrafts, furniture and lifestyle products. 34 artisans (16 f, 18 m) in Barpong village and 15 artisans ( 10 f, 5 m) in Manrandut were trained on making bamboo handicrafts. In Mewangang, 20 artisans (6 f, 14 m) were trained in bamboo furniture and handicrafts while in Dali the focus was on bamboo handicrafts with 31 artisans trained (17 f, 14 m).
- An exposure visit to Dumka where FMC has formed a bamboo cluster was planned for the artisans from Mongar and Zhemgang in March 2020. This had to be postponed in light of travel restriction placed due to Covid-19 pandemic.
- Artisans from Zhemgang participated in the Foothills Festival at Sarpang Dzongkhag from 16 to 18 January, 2020 and earned an income of Nu.190,70 from the sale of their products
- Artisans from Mongar participated in the annual Gyalpozhing Tshechu from 5 to 7 February 2020.
- Brand logo "TSHAR" is registered with Dept. of Intellectual Property under Ministry of Economic Affairs and will be used exclusively in marketing of bamboo products from Zhemgang and Mongar.
- Second round of training was conducted in Business Plan Development at the project sites focused mainly on master artisans and SHG representatives; Mongar -3 to 7 March, 2020 with 17 participants(14M, 3 F), Zhemgang -9 – 13 March, 2020 with 24 participants (17 M, 7F).
- Training manual on "Bamboo Propagation, Cultivation, Management, Harvesting and Post-Harvest Practices" has been printed and distributed to artisan in Mongar and Zhemgang to



enable to them to follow proper and proven methods for bamboo cultivation, harvesting, post harvesting, seasoning, storage, grading and sorting. A total of 64 copies of the training manual were printed (32 in Dzongkha and 32 in English) and distributed to the artisans.

- Though the COVID-19 pandemic didn't allow the organization of annual Tarayana Fair, a small in-house exhibition of bamboo products from Mongar and Zhemgang was organized in Thimphu from 4-6 May, 2020. Artisans from Zhemgang earned Nu.112, 770 and received additional orders worth Nu.150, 000. Meanwhile artisans from Mongar were able to sell products worth Nu.38, 900. The artisans from Mongar and Zhemgang displayed prototypes of bamboo handicrafts, lifestyle products and furniture. The artisans were able to jointly produce 25 prototypes each from handicrafts & lifestyle products and 10 for bamboo furniture.
- A total of 95 artisans (56m, 39f) were trained on greenhouse installation for bamboo nursery raising from 11/6/2020 to 10/7/2020 in Zhemgang. Artisans were also imparted training on bamboo pole harvesting, bamboo pole treatment with smoke, bamboo pole node fixing & alignment, green house ground labeling and bamboo nursery bed labeling. A total of eight greenhouses and 11 green nets were distributed to the artisan groups in Ngangla, Kagtong, Chappoenpa, Dali, Barpong, Bjoka, Kamati and Mewangang in Zhemgang
- In Zhemgang, 102 artisans (49m & 53f) participated in a training on bamboo plantation and management practices. They learnt propagation through root, culm, branch & stem cutting as well as propagation through rhizome/off-set planting. They were also trained on bamboo mulching, rhizome exposure, clump management and culm harvesting. Artisans from Ngangla, Lagtong, Chappoenpa, Dali, Barpong, Bjoka, Kamati and Mewangang participated in the training.
- 20 artisans (4f, 16m) from Saling and Gongdue in Mongar were trained on bamboo shoot processing for income generation, packaging of bamboo pickles and bamboo shoot harvesting methods. Bamboo prototype development training was conducted for 30 artisans (10f, 20m) from Sengor, Pikari and Pam under Saling and Gongdue Gewog in Mongar. A total of 50 male artisans from Mongar were trained in bamboo furniture making. The artisans were from Yangbari, Resa, Thridangbi and Nagor under Saling, Silambi and Gongdue Gewog. The artisans learnt to make modern bamboo furniture and the use of different hand tools for furniture making. A total of 30 artisans (10f, 20m) from Gyalgaon and Nagor under Silambi Gewog in Mongar were training on bamboo lifestyle products.
- From 12- 19 September, 2020 the Zhemgang Dzongkhag Administration led by Dasho Dzongda visited the bamboo artisans of Kaktong, Ngangla under Ngangla Gewog, Bjoka Tong, Kamati, in Bjoka Gewog, and Mewangan in Goshing Gewog. They were impressed by up gradation in the skills of the artisans as well as the opportunity to make an income through bamboo products and commended the SDF project's efforts to develop the bamboo sector while ensuring the welfare of the artisans dependent on it for livelihood. The artisans received orders worth Nu.185, 000 from the Zhemgang Dzongkhag administration.
- 20 artisans including four female were trained for a week on business concepts as well as to explore opportunities of enterprise development within the bamboo sector. This was the first of its kind training for the artisans and simplified methods had to be adopted for training. The training was held for the artisans in Mongar.
- Kalapang common facilitation centre construction was initiated – sand, bricks, aggregate & boulders procured, earthwork for laboratory and multi-purpose hall completed. Architects' visit to the construction site was facilitated to ensure proper initiation of the process.



- Project technical partner, FMC connected Tarayana with Mr. Gaurav Sharma, Dean at the World University of Design, who will provide his knowledge in developing new bamboo prototypes. With his expertise and guidance, bamboo prototypes for the hospitality sector will be developed and tested in the Bhutanese market.
- 8 artisans from Ngangla, 7 from Mewangang, and 9 from Kaktong were trained in bamboo handicrafts in October, 2020. A total of 24 artisans in Zhemgang were trained on bamboo handicrafts in Q4, 2020.
- 5 artisans from Ngangla, 11 from Mewangang, 5 from Kaktong and 7 from Rebati were trained on bamboo furniture in October, 2020. A total of 28 artisans from Zhemgang were trained in bamboo furniture in Q4, 2020. 5 artisans from Rebati were trained on bamboo construction.
- Training on bamboo handicrafts was conducted for 16 artisans (5m, 11f) in Gyalgong village under Mongar Dzongkhag from 14-16 December, 2020.
- 4 artisans from Ngangla, 6 from Mewangang and 7 from Kaktong were also trained on bamboo lifestyle products in October, 2020. The artisans were also trained to operate and manage hand tools supplied through the project. Over the course of the training, the artisans were trained to produce bamboo flower vase, cloth hanger, mobile stand, towel hanger and shopping basket.
- Artisans in Ngangla and Kaktong received orders worth of Nu.145, 200 on handicrafts, lifestyle products and furniture from Trongsa Dratshang and Panbang Dungkhag. Artisans in Mewangang received orders worth Nu.55, 000 from handicraft shops in Trongsa.
- In order to facilitate access to finance, loan applications along with business plans were submitted to the Kuendhen Crowd Loan under the Royal Monetary Authority for the bamboo furniture SHG from Mewangang and bamboo shoot pickle groups from Rebati, Thridangbi and Yangbari. However none of the applications for loan were approved. The project team will facilitate application with financial institutions such as the CSI Bank, TMF, etc. in the coming days.
- The project team undertook a monitoring visit to the project sites in Mongar to keep track and verify progress of project activities. The team visited the CFC construction site at Kalapang to review the progress and plan smooth & efficient completion of the facility. Apart from these, the team reviewed and verified the financial transaction at the field level with regard to transportation cost, training programmes and payment for material and tools. The team also visited the project sites and interacted with the bamboo SHGs in Kalapang village, Thridangbi, Broksar, Gyalgong, Nagor, Yangbari, Pikari, Bagla and Pam to monitor distribution, usage and management of tools as well as for plans to continue facilitation for growth and enhance productivity of the groups. The project team had plans to monitor the sites and activities in Zhemgang but could not be carried out a travel as restricted since the sites fell in the red zone due to COVID19.
- Artisan income survey has been completed for 180 artisans in Zhemgang and Mongar. The data collected is currently being organized and analyzed to determine if the one of the project's objectives of enhancing the artisans' income by at least 50% through bamboo based activities has been realized.

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**JIGMI Audit & Financials**  
(A Private Limited Company)

**AUDIT REPORT ON THE ACCOUNTS AND OPERATIONS OF  
"DEVELOPING CLIMATE RESILIENT COMMUNICATION  
THROUGH APPROPRIATE ADAPTATION AND MITIGATION  
INTERVENTIONS",  
BHUTAN TRUST FUND FOR ENVIRONEMTL CONSERVATION  
Grant No: MB190Y18**

**Grantee: TARAYANA FOUNDATION**

**PERIOD: 01.07.2020 - 30.06.2021**

**NOVEMBER 2021**





ཀྲུལ་གཞུང་ཚུལ་ཞིབ་དབང་འཛིན།  
ROYAL AUDIT AUTHORITY  
Bhutan Integrity House

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



RAA (BH-03)/NGO-04/COAD/2021/ 2147

Dated: 22 November 2021

✓ The Executive Director  
Tarayana Foundation  
Thimphu

**Subject: Financial Audit Report of the Bhutan Trust Fund for Environment Conservation (BT FEC) Funded Project (Grant: 190Y18) implemented by Tarayana Foundation, Thimphu for the period 01/07/2020 to 30/06/2021**

Sir,

Enclosed herewith, please find the audited **financial statements and auditors' report** thereon in respect of the BT FEC Funded Project implemented by Tarayana Foundation, Thimphu for the financial year ended 30 June 2021. 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

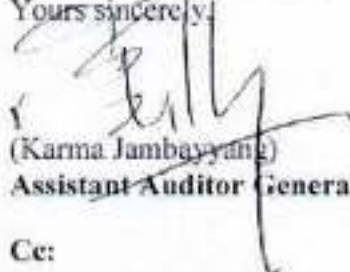
As may be noted from the auditors' report, the financial statements are prepared by the Tarayana Foundation, in all material respects, in accordance with Financial Reporting Guidelines for Core Project of the BT FEC. Accordingly, the RAA has expressed unmodified (unqualified) opinion on the financial statements.

#### Achievements

The RAA has noted achievements made by the BT FEC's Funded Tarayana Foundation, Thimphu during the period under audit, which are detailed in **Annexure B** of this report.

The Royal Audit Authority acknowledges the kind co-operation and assistance extended to the audit team by the officials of the BT FEC Funded Project for Tarayana Foundation, Thimphu which facilitated the completion of the audit.

Yours sincerely,

  
(Karma Jambayang)  
Assistant Auditor General

Cc:

1. The Director, Bhutan trust Fund for Environmental Conservation, Thimphu
2. The AAG, PPAARD, Royal Audit Authority, Thimphu
3. The AAG, Follow-Up & Clearance Division, Royal Audit Authority, Thimphu
4. The Member Secretary, Civil Society Organization Authority, Thimphu
5. Office copy.

*"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

|                                       |   |
|---------------------------------------|---|
| <b>Title:</b>                         | Financial Audit Report of BTSEC Funded Project of Tarayana Foundation, Thimphu  |
| <b>AIN No:</b>                        | COAD-2021-237   |
| <b>Project:</b>                       | MB190Y18: Developing Climate Resilient Communities through Appropriate Adaptation and Mitigation Interventions  |
| <b>Head of the Agency:</b>            | Sonam Pem, Executive Director<br>CID No. 10805002003  |
| <b>Project Manager:</b>               | Palden Ongmo, Jr. Programme Officer<br>CID No: 11401001719  |
| <b>Finance Personnel:</b>             | Thukten Tshering, Finance Officer<br>CID No: 10709003203  |
| <b>Period Audited:</b>                | 1 July 2020- 30 June 2021   |
| <b>Schedule of Audit:</b>             | Planning: 30 - 1 September, 2021<br>Actual Audit Date: 2 September 2021   |
| <b>Composition of Audit Team:</b>     | 1. Jigmi Rinzin FCCA, Team Leader<br>CID No. 10905002564<br><br>2. Tshering Wangmo, Audit Associate<br>CID No. 11513003706<br><br>3. Puja Chamlagai, Junior Audit Associate<br>CID: 11313000163 |
| <b>Supervising Officer:</b>           | Jigmi Rinzin FCCA, Partner, CID No. 10905002564   |
| <b>Engagement Letter:</b>             | RAA(O5A-10)/AC/2021/979 dated 10 June 2020  |
| <b>Focal Person:</b>                  | Jigmi Rinzin, Managing Partner/CEO<br>E-mail: <a href="mailto:pjrinzin@gmail.com">pjrinzin@gmail.com</a><br>Email: <a href="mailto:jafplc2018@gmail.com">jafplc2018@gmail.com</a>               |
| <b>Date of Audit Exit Conference:</b> | 11 October 2021   |



## ACRONYMS and ABBREVIATIONS

|         |   |
|---------|---|
| BTFFEC: | Bhutan Trust Fund for Environmental Conservation      |
| CEO:    | Chief Executive Officer                               |
| CID:    | Citizenship Identity Card                             |
| DPA:    | Department of Public Accounts                         |
| FCCA:   | Fellow Chartered Certified Accountants                |
| ISSAIs  | International Standards of Supreme Audit Institutions |
| JAF:    | JIGMI Audit & Financials Private Ltd                  |
| Nu.:    | Ngultrum  |
| PMU:    | Project Management Unit                               |
| RAA:    | Royal Audit Authority                                 |
| RGoB:   | Royal Government of Bhutan                            |
| TF:     | Tarayana Foundation                                   |





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**JIGMI Audit & Financials**

(A Private Limited Company)

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION'S FUNDED PROJECT MB190Y18: 'DEVELOPING CLIMATE RESILIENT COMMUNITIES THROUGH APPROPRIATE ADAPTATION AND MITIGATION INTERVENTIONS' FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

#### Opinion

We have audited the financial statements of BTFEC's Funded Project - MB190Y18: **Developing Climate Resilient Communities through Appropriate Adaptation and Mitigation Interventions** (the project), which comprise the Statement of Sources and Uses of Funds as at 30 June 2021, schedules of Disbursement & Fund Balance, the statement of Expenditure & Fund Balance, and notes to the financial statement including a summary of significant accounting policies.

In our opinion, the financial statements are prepared, in all material respects, in accordance with Financial Rules and Regulation prescribed by BTFEC for their Core Project.

#### 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 the project management in accordance with RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors, and we have fulfilled our responsibilities in accordance with the requirements outlined in this code. We believe that the audit evidence we have 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 the preparation of the financial statements in accordance with the Financial Rules and Regulations prescribed by BTFEC for their Core Project 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 project's financial reporting process.





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**JIGMI Audit & Financials**

(A Private Limited Company)

#### Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 audit in accordance with ISSAIs, we exercise professional judgment 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 project'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.

  
Jigmi Rinzin FCCA  
(Membership No. 0283308)  
Partner  
Date: 12/14/2021





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# ENCLOSURES

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Statement of Sources and Uses of Funds (Nu.)

1 July 1 2020 to 30 June 2021

Grant Number: MB190Y17

Grant Title: Developing the Climate Resilient Communities through Approach Adaptation and Mitigation Interventions

Grantee: Tarayana Foundation

Project Start Date: 1-Jul-2018

Approved Grant Amount: Nu. 12,402,500.00

Project Completion Date: 30-Jun-2021

Grant Balance: Nu. 12,402,500.00

| Sources of Funds           |                     | Uses of Funds    |                      |
|----------------------------|---------------------|------------------|----------------------|
| Account                    | FY 2020 - 21        | Account          | FY 2020 - 21         |
| Opening Balance:           |                     |                  |                      |
| Cash                       | -                   | Expenditure      | 1,264,632.94         |
| Bank                       | 779,594.79          |                  |                      |
| DPA                        | -                   |                  |                      |
| Advances                   | 20,000.00           |                  |                      |
| Activity:                  |                     |                  |                      |
| Funds Received from BIF/CC | 439,787.40          | Closing Balance: |                      |
| Recoveries & Remittances   | -                   | Cash             | -                    |
| Other Receipts             | 25,250.00           | Bank             | -                    |
|                            |                     | DPA              | -                    |
|                            |                     | Advances         | -                    |
| <b>Total</b>               | <b>1,264,632.94</b> | <b>Total</b>     | <b>1,264,632.94</b>  |
|                            |                     |                  | <b>12,427,750.00</b> |

For Bhutan Trust Fund for Environmental Conservation

*[Signature]*  
Designation  
Finance Division

Finance Officer  
Tarayana Foundation  
Thimphu, Bhutan

*[Signature]*  
Designation  
Head of the Agency

Director, Programmes  
Tarayana Foundation  
Thimphu, Bhutan

For JGMI Audit & Financials Pvt.Ltd.

*[Signature]*  
Jigmi Kinzin FCCA  
(Membership No: 0283308)  
Partner





**Statement of Disbursement (Nu.)**  
1 July 2020 to 30 June 2021  
Grant Number: MB190Y17

**Grant Title:** Developing the Climate Resilient Communities through Approach Adaptation and Mitigation Interventions  
**Grantee:** Tarayana Foundation

| Output/Activity  | Object Head | Approved Grant Budget (A) | Annual Grant Budget (B) | Disbursement      |                       | Disbursement - Budget Balance |                     |
|--|-------------|---------------------------|-------------------------|-------------------|-----------------------|-------------------------------|---------------------|
|  |             |                           |                         | FY 2020-21 (C)    | Inception to Date (D) | Total (A-D)                   | Annual (B-C)        |
| Activity 1.1.1 Community Consultation to implement the installation of electrical fencing  |             | 725,000                   | -                       | -                 | 476,540               | -                             | -                   |
| Activity 1.1.2 Installation of electric fences in 4 sites  |             | 5,050,000                 | 325,700                 | 5,408,994.40      | (358,994.40)          | 291,805.60                    |                     |
| Activity 1.1.3 Training of community on maintenance of electric fencing  |             | 450,000                   | 350,000                 | -                 | 100,000               | 350,000                       |                     |
| Activity 1.1.4 Provide technical and administrative inputs through monitoring  |             | 215,563                   | 109,912                 | 135,643           | (30,000)              | (25,731)                      |                     |
| Activity 2.1.1 Community consultation to assess water scarcity issues and its interventions and formation of 15 water user committee |             | 725,000                   | -                       | -                 | 267,151               | -                             |                     |
| Activity 2.1.2 Implementation appropriate interventions for water catchment management   |             | 3,181,125                 | 212,034                 | -                 | (212,034)             | 212,034                       |                     |
| Activity 2.1.3 Community capacity building on water catchment management and Climate Change  |             | 500,000                   | 351,892                 | -                 | 50,717                | 351,892                       |                     |
| Activity 2.1.4 Provide seed money for 15 Water User Committee  |             | 100,000                   | 20,000                  | -                 | -                     | 20,000                        |                     |
| Activity 1.1.5 Provide technical and administrative inputs through monitoring  |             | 215,562                   | 62,582                  | -                 | (23,918)              | 62,582                        |                     |
| Project Management Cost 10%  |             | 1,240,250                 | 480,000                 | 270,250           | 1,240,250             | 209,750                       |                     |
| <b>Total</b>   |             | <b>12,402,500</b>         | <b>1,912,120</b>        | <b>439,787.40</b> | <b>12,133,032.40</b>  | <b>269,467.60</b>             | <b>1,472,332.60</b> |

**For Bhutan Trust Fund for Environmental Conservation**

*Bluel*  
Designation  
Finance Division  
Finance Officer  
Tarayana Foundation  
Thimphu, Bhutan

*[Signature]*  
Designation  
Head of the Agency  
Director, Project  
Tarayana Foundation  
Thimphu, Bhutan



**For JIGMI Audit & Financials Pvt. Ltd.**  
*[Signature]*  
Jigmi Rinzin FCCA  
(Membership No: 0283308)  
Partner

**Statement of Expenditure (Nu.)**  
 1 July 2020 to 30 June 2021  
 Grant Number: MB213Y21  
 Grantee: Tarayana Foundation

**Grant Title: Developing the Climate Resilient Communities through Approach Adaptation and Mitigation Interventions**

| Output/Activity   | Object Head | Approved Grant Budget (A) | Annual Grant Budget (B) | Expenditure         |                       | Budget Balance     |                   |
|---|-------------|---------------------------|-------------------------|---------------------|-----------------------|--------------------|-------------------|
|   |             |                           |                         | FY 2020 - 21 (C)    | Inception to Date (D) | Total (A - D)      | Annual (B - C)    |
| Activity 1.1.1 Community Consultation to implement the installation of electrical fencing.  |             | 248,460                   | -                       | -                   | 248,458.86            | 1.14               | *                 |
| Activity 1.1.2 Installation of electric fences in 8 sites   |             | 5,416,540                 | 525,700                 | -                   | 5,397,036             | 19,504             | 325,700           |
| Activity 1.1.3 Training of community on maintenance of electric fencing.  |             | 530,000                   | 350,000                 | 282,908             | 333,083               | 194,917            | 67,092            |
| Activity 1.1.4 Provide technical and administrative inputs through monitoring.  |             | 245,563                   | 109,912                 | 188,201             | 380,116               | (134,553)          | (78,289)          |
| Activity 2.1.1 Community consultation to assess water scarcity issues and its interventions and formation of 15 water user committee. |             | 457,843                   | -                       | -                   | 267,843               | 190,000            | -                 |
| Activity 2.1.2 Implementation appropriate interventions for water catchment management.   |             | 3,393,282                 | 212,034                 | -                   | 3,346,221.50          | (152,939.50)       | 212,034           |
| Activity 2.1.3 Community capacity building on water catchment management and Climate-Change.  |             | 530,000                   | 351,892                 | 309,211.34          | 465,332.48            | 64,667.52          | 42,680.66         |
| Activity 2.1.4 Provide seed money for 15 Water User Committee.  |             | 100,000                   | 20,000                  | -                   | 98,850                | 1,150              | 20,000            |
| Activity 1.1.5 Provide technical and administrative inputs through monitoring.  |             | 240,563                   | 62,582                  | 191,130             | 448,560               | (207,997)          | (128,548)         |
| Project Management Cost 10%   |             | 1,240,250                 | 480,000                 | 293,183             | 1,240,250             | -                  | 186,817           |
| <b>Total</b>  |             | <b>12,402,499.60</b>      | <b>1,912,120</b>        | <b>1,264,633.34</b> | <b>12,427,750.84</b>  | <b>(25,249.84)</b> | <b>647,486.66</b> |

**For Bhutan Trust Fund for Environmental Conservation**

*[Signature]*  
 Designation  
 Finance Division

Finance Officer  
 Tarayana Foundation  
 Thimphu, Bhutan

*[Signature]*  
 Designation  
 Head of the Agency

Director, Programmes  
 Tarayana Foundation  
 Thimphu, Bhutan



For JIGMI Audit & Financials Pvt. Ltd.



*[Signature]*  
 Jigmi Rinzin FCCA  
 (Membership No: 0283308)  
 Partner





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# ANNEXURES



## ANNEXURE - A: PROFILE

### Project Description

|                |  |
|----------------|--|
| Grant No       | MB190Y18   |
| Grant Title    | Developing Climate Resilient Communities through Appropriate Adaptation and Mitigation Interventions |
| Approved Grant | 12.402 million   |
| Duration       | 1 July 2018 to 30 June 2021  |
| Funding Source | BT FEC   |

### Objective

The project aims to implement the resilience and adaptation scheme of the rural areas whereby the community members can protect, conserve and uphold the natural environment, which they depend on. The project also intends to increase the productivity of the people through the construction of modern cost-effective installations of solar/electric fences to combat human wildlife conflicts and ensures food security.

### Project Beneficiaries

The project beneficiaries are the most vulnerable and remote communities of Haa, Samtse, Sarpang, Mongar and Lhuntse. These communities are often the poorest villages identified according to the poverty index. Moreover, many of the implementations of these activities will supplement and complement the larger programs of the government.

- I. The tangible benefits would be identified through the physical verifications of tanks, fences, land management, afforestation efforts, etc.
- II. Physical progress reports of the project will be reported to PMU quarterly.
- III. Photographic updates and reports will be uploaded periodically on the website and other media platforms.

Intangible benefits are the capacity building, knowledge enhancement of the communities of traditional/indigenous ways of conserving water sources.





## ANNEXURE - B: ACHIEVEMENTS

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The project has made the following achievements during the year:

- I. Trained of community on maintenance of electric fencing.
- II. Provided technical and administrative inputs through monitoring.
- III. Conducted community capacity building on water catchment management and climate change.



## NOTES ON ACCOUNTS

### Significance Accounting Policies:

- I. The financial reports have been prepared by the Core Projects in accordance with the formats mandated by BTFEC;
- II. The reports from individual Core Projects are based on a fiscal year end of June 30, which is consistent with BTFEC's fiscal year end;
- III. Errors in the submitted financials reports do not result in restated financial reports. Adjustments are made during the next financial reporting period and an error resulting in refunds back to BTFEC is followed up as well in the next financial reporting period;
- IV. Disbursements from BTFEC to Core Projects are released on a semi-annual basis after the Projects submit their financial reporting to BTFEC detailing the expenditure incurred during that period. BTFEC reviews the expenditure reported against the approved expenditure budget before releasing the funds;
- V. The disbursements from BTFEC to Projects are routed through the Department of Public Accounts for grant recipients that are government agencies;
- VI. Disbursements to non-governmental recipients are transferred directly to recipients' bank accounts; and
- VII. Disbursements unspent at the time of project completion are refundable back to BTFEC by the Projects as per the terms in the grant agreement.

