



**Rinzing Financial Private Limited**

**FINANCIAL AUDIT REPORT  
OF DUEDROI RANGWANG  
ZHIDEY TSHOGCHUNG,  
THIMPHU, BHUTAN**

**PERIOD: JULY 1, 2020, to JUNE 30, 2021**

**SEPTEMBER 2021**

### TITLE SHEET

Title	:	Financial Audit Report of the Duedroi Rangwang Zhidey Tshogchung, Thimphu, Bhutan
AIN	:	17561
Head of the Agency	:	Tshering Penjor, Chairperson CID No. 11411001704
Finance Personnel	:	Rinchen Wangmo, Executive Director CID No. 10308001929
Period Audited	:	July 1, 2020 – June 30, 2021
Schedule of Audit	:	Planning: September 3, 2021 – September 5, 2021 Actual: September 6, 2021 – September 9, 2021 Reporting: September 15, 2021
Composition of Audit Team	:	<u>Team Leader:</u> Tashi Rinzing Schmidt, Audit Partner CID No. 11410002120 <u>Team Members:</u> 1. Kunzang Pasa Tenzin, Sr. Audit Associate CID No. 11410000669 2. Tashi Dorji, Audit Associate CID No. 11606002776 3. Sonam Rinchen, Audit Associate CID No. 12008001899
Supervising Officer	:	Tashi Rinzing Schmidt, Audit Partner
Focal Person	:	Tashi Rinzing Schmidt Email: tashi@rinzingfinancial.com Phone: +975 7765 3070
Date of Audit Exit Conference	:	September 10, 2021

## ACRONYMS

CID	:	Citizen Identification (Number)
CSOA	:	Civil Society Organization Authority
DRZT	:	Duedroi Rangwang Zhidey Tshogchung
RAA	:	Royal Audit Authority of Bhutan

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AUDITORS' REPORT ON THE  
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**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF DUEDROI RANGWANG  
ZHIDEY TSHOGCHUNG THIMPHU FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

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**Opinion**

We have audited the accompanying financial statements of the **Duedroi Rangwang Zhidey Tshogchung (DRZT)**, which comprise the Receipts and Payments Statement and schedules forming part of the financial statements for the financial year ended 30 June 2021.

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 Statements section of our report. We are independent of Duedroi Rangwang Zhidey Tshogchung in accordance with RAA's Code of Ethics, 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 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 Duedroi Rangwang Zhidey Tshogchung'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.



- 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 Duedroi Rangwang Zhidey Tshogchung's internal control.

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

For Rinzing Financial Private Limited



Tashi Rinzing Schmidt, CPA

Audit Partner

CPA License No. 34762

Date: September 15, 2021

Place: Thimphu, Bhutan



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## ENCLOSURES

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**DUEDROI RANGWANG ZHIDEY TSHOGCHUNG**  
**RECEIPTS AND PAYMENTS STATEMENT**  
**For the Fiscal Year July 2020 to June 2021**

RECEIPTS		SCHEDULE	June 30, 2021	PAYMENTS	SCHEDULE	June 30, 2021
<b>Opening Balances</b>				<b>Operating Expenditures:</b>		
1. Cash in Hand		1	-	1. Personnel Emoluments	5	239,000
2. Cash at Bank				2. General and Admin. Expenses	6	207,834
<b>Receipts:</b>				<b>Program</b>	7	871,843
1. Donation		2	3,111,145			
2. Membership Fess		3	434,400	<b>Training</b>	8	206,374
3. Other Incomes		4	288,273			
				<b>Capital Expenditures:</b>		
				Purchase of Fixed Assets	9	124,823
				<b>Closing Balances:</b>	10	8,563,303
				1. Cash in Hand		7,038
				2. Cash at Bank		3,056,265
				3. Fixed Deposit		5,500,000
<b>TOTAL</b>			<b>10,213,177</b>	<b>TOTAL</b>		<b>10,213,177</b>

Amounts in Nu.

For Rinzing Financial Private Limited

*Tashi Rinzing Schmidt*

Tashi Rinzing Schmidt, CPA  
 Audit Partner  
 CPA License No. 34762

Date: September 15, 2021



*Rinchen Wangmo*

Rinchen Wangmo,  
 Officiating Executive Director



*Tshering Penjor*  
 Tshering Penjor,  
 Chairperson

For Duedroi Rangwang Zhidey Tshogchung

**SCHEDULE 1: OPENING BALANCE**

		<i>Amount in Nu.</i>
Sl. No	Particulars	June 30, 2021
1	Bank of Bhutan Limited - (BOBL), Trongsa	6,161,697
2	Bank of Bhutan Limited - (BOBL), Thimphu	-
3	Bhutan National Bank Limited - (BNBL)	112,727
4	Bhutan Development Bank Limited - (BDBL)	45,833
5	Druk Punjab National Bank-(PNBL),Closed Acc	59,102
6	Cash-in-Hand	-
	<b>Total Opening Balance</b>	<b>6,379,359</b>

**SCHEDULE 2: DONATIONS FOR FY (JULY, 2020 - JUNE, 2021)**

		<i>Amount in Nu.</i>
Sl. No	Particulars	June 30, 2021
1	Bank of Bhutan Limited - (BOBL), Trongsa	2,977,570
2	Bhutan National Bank Limited - (BNBL)	83,891
3	Bhutan Development Bank Limited - (BDBL)	24,593
	<b>Total</b>	<b>3,086,054</b>

**SCHEDULE 3: MEMBERSHIP FEES FOR FY (JULY, 2020 - JUNE, 2021)**

		<i>Amount in Nu.</i>
Sl. No	Particulars	June 30, 2021
1	Bank of Bhutan Limited - (BOBL), Trongsa	421,200
2	Bhutan National Bank Limited - (BNBL)	7,200
3	Bhutan Development Bank Limited - (BDBL)	6,000
	<b>Total</b>	<b>434,400</b>

**SCHEDULE 4: OTHER INCOME FOR FY (JULY, 2020 - JUNE, 2021)**

		<i>Amount in Nu.</i>
Sl. No	Particulars	June 30, 2021
1	Bank of Bhutan Limited - (BOBL), Trongsa	278,919
2	Bank of Bhutan Limited - (BOBL), Thimphu	2,546
3	Bhutan National Bank Limited - (BNBL)	2,681
4	Bhutan Development Bank Limited - (BDBL)	1,569
5	Druk Punjab National Bank-(PNBL),Closed Acc	2,517
	<b>Total</b>	<b>288,233</b>

**SCHEDULE 5: PERSONNEL EMOLUMENTS FOR FY (JULY, 2020 - JUNE, 2021)**

<i>Amount in Nu.</i>		
Sl. No	Particulars	June 30, 2021
1	Personnel Emoluments	239,000
2	Employer PPF	-
	<b>Total</b>	<b>239,000</b>

**SCHEDULE 6: GENERAL AND ADM. EXPENSES FOR FY (JULY, 2020 - JUNE, 2021)**

<i>Amount in Nu.</i>		
Sl. No	Particulars	June 30, 2021
1	Office Stationaries	12,920
2	Facilities Expenses	3,714
3	Office Rent	96,000
5	Other G&A expenses (incl R&M, Misc.)	37,459
6	Printing Expenses	14,500
7	Telephone, Fax and Internet Cost	35,896
8	Water and Electricity Expenses	1,460
9	Bank Charges	845
	<b>Total</b>	<b>202,794</b>

**SCHEDULE 7: PROGRAMMES EXPENSES FOR FY (JULY, 2020 - JUNE, 2021)**

<i>Amount in Nu.</i>		
Sl. No	Particulars	June 30, 2021
1	Awareness Program	351,111
2	World Vegetarian Day	411,111
3	Zhabdrung Kuchoe	89,530
	<b>Total</b>	<b>851,752</b>

**SCHEDULE 8: TRAINING EXPENSES FOR FY (JULY, 2020 - JUNE, 2021)**

<i>Amount in Nu.</i>		
Sl. No	Particulars	June 30, 2021
1	Vegetable Training	206,374
	<b>Total</b>	<b>206,374</b>



**SCHEDULE 9: PURCHASE OF FIXED ASSETS****Furniture and Fixture***Amount in Nu.*

Sl. No	Particulars	June 30, 2021
1	Table with attched drawer	15,882
2	Revolving Chair LPH-002	12,276
3	LEC 030 R Chair	9,765
4	Almirah	9,500
	<b>Total</b>	<b>47,423</b>

**Computers and Peripherals***Amount in Nu.*

Sl. No	Particulars	June 30, 2021
1	Laptop (Lenovo)	33,200
2	Laptop (Dell)	39,400
3	Poket/Potable Wifi	4,800
	<b>Total</b>	<b>77,400</b>
	<b>Total Purchase of assets</b>	<b>124,823</b>

**SCHEDULE 10: CLOSING BALANCE***Amount in Nu.*

Sl. No	Particulars	June 30, 2021
1	Cash-in-Hand	7,038
2	Fixed Deposit	5,500,000
3	Cash at Bank	3,056,265
	Bank of Bhutan Limited - (BOBL), Trongsa	2,664,494
	Bank of Bhutan Limited - (BOBL), Thimphu	247,576
	Bhutan National Bank Limited - (BNBL)	106,350
	Bhutan Development Bank Limited - (BDBL)	37,845
	Druk Punjab National Bank-(PNBL),Closed Acc	-
	<b>Total Closing Balance</b>	<b>8,563,303</b>

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## MANAGEMENT APPRAISAL REPORT

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## **MANAGEMENT APPRAISAL REPORT FOR DUEDROI RANGWANG ZHIDEY TSHOGCHUNG**

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The auditor's while reviewing the accounting records, internal controls and operations of Duedroi Rangwang Zhidey Tshogchung has noted that the internal controls was generally adequate. However, few deficiencies and lapses were noted in certain areas as discussed below:

### **1) No proper documentation for membership fees and donations**

While completing the income verification for the DRZT audit, it was noted that proper segregation for donations and membership fees was not maintained. Additionally, it was also noted that refunds made to DRZT during programs were treated as a donation income, rather than an adjustment to the expenses for said program. Therefore, due to the previously mentioned factors, though we were able to obtain the full income generated by DRZT from donations and membership fees. We were unable to completely ascertain the full scope of the income generated by membership fees and donations for the financial year July 1, 2020, to June 30, 2021.

Furthermore, it was also noted that DRZT collects contributions and donations every time they conduct a program for budgeting purposes. However, there was no such segregation for these program specific donations when asking DRZT management. Due to this, we were unable to fully capture the amount of capital contributed by donations and the amount of capital contributed by DRZT from their own funds, for each budget disbursement.

Thus, we urge the organization to create a system in which all donations and membership fees income are properly segregated, so as to keep proper documentation of the income flow of the organization. Furthermore, we recommend that all refunds from projects/programs be treated as such and not as an income for the organization.

### **Management's Response:**

*DRZT was registered as a CSO only in 31st July 2020 and there was no full-time finance person and finance work were carried out by the volunteers. The new Accounts Officer was recruited only in March 2021 and within three months the account was maintained. We are thankful to the audit team for pointing out the issues on no proper documentation for membership fees and donations. From next FY-2021-2022, we assure to create a system in which all donations and membership fees income are properly segregated, refunds from projects/programs will not be treated as an income for the organization and separate contribution/donation record will be kept for the different program.*

### **The Memo has been treated as settled:**

*Based on the justification furnished the observation has been treated as settled.*

**Compliance to be made:**

The donations and membership fees need to be segregated and accounted for separately in the future. Furthermore, the management should segregate program specific donations.

The compliance shall be reviewed during the next audit.

**2) List of missing supporting documentation**

We have observed some missing supporting documentations when testing "World Vegetarian Day" program expenses.

The following table highlights the missing supporting documentation (note that the descriptions in the particulars are taken verbatim from the management records):

Dzongkhag	Date	Particular	Amount (Nu.)
Gasa	11/7/2020	Butter lamp	4,000
		Chagyep	3,600
Wangdue	11/7/2020	Namgay Longchay	3,200
		Netey Chudru	1,700
		5 Jarken	2,100
Pema Gatshel	11/6/2020	Chagyep	1,000
		Doel Sham	350
		Ngendar	25
Gelephu	11/7/2020	Items for Butter lamp	8,500
		Chagyep	1,500
		Ngoten	500
		Dresham	300
		Tshog	4,200
Trashy Yangtse	11/7/2020	Butter lamp	6,110
		Tshog	2,510
		Chagyep	6,380

We recommend that DRZT management to substantiate all amounts to be substantiated by the respected vendors. We further recommend that management verify all invoices going forward to not have a repeat lapse with such issues.



**Management's Response:**

*DRZT has members in 20 Dzongkhags with 80% female and most of them are uneducated due to which some problems are faced but the bills submitted are true and correct. DRZT has full trust and don't suspect the manner they have submitted. However, DRZT Office have already noted and from next FY-2021-22, we assure to produce the invoices and supporting documents for any expenses incurred and also verify the invoices.*

**The Memo has been started as settled:**

*Based on the justification furnished the observation has been treated as settled.*

**Compliance to be made:**

*The management should maintain proper documentation and records for goods purchased from establishments that do not provide printed receipts. The management should obtain handwritten receipts signed by relevant parties, acknowledging the receipt of payments in the future.*

*The compliance shall be reviewed during the next audit.*

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## ANNEXURES

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## **ANNEXURE –A: PROFILE**

The Duedroi Rangwang Zhidhey Tshogchung (DRZT) Animal Right and Welfare Association (ARWA) was instituted in mid-2015 in dedication to the 60th Birth Anniversary of the 4th Druk Gyalpo, the founding father of GNH for all sentient beings. It was established to cultivate compassion for animals by promoting abstention from consuming all meat-related products to benefit all sentient beings irrespective of any religion or caste.

The DRZT was registered as a Public Benefit Organization under the Civil Society Organization's Act of Bhutan 2007 on 31st July 2020 corresponding to the 11th day of the 6th Bhutanese month of Iron Male Rat Year. The DRZT is managed by a group of seven trustee members, ED, AO, and other office staff.

DRZT Promotes healthy eating habits and promotes love, peace, and affection towards animals. Concern about the welfare of animals and society at large.

The Objectives of the Duedroi Rangwang Zhidhey Tshogchung are to:

Promote healthy cooking and healthy eating habits (Karzay lifestyle)

Strive to avoid or reduce ways and means of a non-veg (Marzay lifestyle)

Emphasize the building of worthy relationships between human beings and the four elements of earth, water, and fire and wind (Djung-wa-Zhi);

Disseminate the benefits of non-violence and a lifestyle of vegetarianism that does not demand the killing of animals.

Awareness of Health and Hygiene

Awareness on nutrition composite in food

Promotion of organic food

## **ANNEXURE-B: ACHIVEMENTS**

The Auditors, while reviewing the accounting records and operations of the Duedroi Rangwang Zhidey Tshogchung (DRZT), had reviewed the plans and programs implemented during the period under audit and noted the following accomplishments:

Vegetable Culinary Training is an integral component of DRZT, during the first phase, fundamental vegetable culinary training was organized for five dzongkhags: Punakha, Gasa, Dagana, Wangdi Phodrang, and Tsirang. The duration of the training was two weeks, and 25 participants from five districts were trained in vegetarian culinary arts in Punakha. The participants have learned to prepare around 60 varieties of vegetable curries in the two-week-long program. The dishes taught during the training were inclusive of Chinese, continental, Korean besides Bhutanese cuisine.

Besides conducting basic vegetable culinary training, creating awareness of healthy eating habits is another component of DRZT.

Annually DRZT observed World Vegetarian Day on 1st October in all 20 dzongkhags by offering prayers tshogs and butter lamps for the well-being of all the sentient beings. The day is marked to promote a vegetarian diet that is eco-friendly, economical, and healthier compared to a non-vegetarian diet. Therefore, which will reduce the consumption of meat-related products which do not demand the killing of animals.

As a part of the awareness program, DRZT Organized Kurim for the Nation during the pandemic at various places, firstly offered prayers and moenlam for late His Holiness Je Thrizur Tenzin Doendrup on the Descending day of Lord Buddha and chanted 13 billion Mani during the pandemic period as Kurim.

Secondly, Chenrezig Drubchen was conducted at Autsho Namdroling Goenzin Dratshang led by His Holiness the 70th Je Khenpo and monks, to pacify the current pandemic and further offered Tashi Moenlam by offering the Tshog and butter lamp.

Lastly, DRZT offered prayers, butter lamps, Tshog, and lunch to the monks residing kurims for the Nation to subside the Covid Pandemic problems during Zhabdrung Kuchoe corresponding to the 10th of third Bhutanese month at Punakha Dzong.