

AIN No. COAD-2025-261



**L&N Financials Pvt. Ltd**  
**(A Private Limited Company)**

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**AUDIT REPORT ON THE FINANCIAL STATEMENTS OF BHUTAN  
CANCER SOCIETY, THIMPHU**

**PERIOD : 01.01.2024 TO 31.12.2024**

**JUNE - 2025**

*L&N Financials Pvt. Ltd*  
*Building No 475,*  
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ལྷན་ཁག་གི་ཆེས་ཞིབ་དབང་འཛིན།  
**ROYAL AUDIT AUTHORITY**  
*Bhutan Integrity House*

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



RAA/CSO/PBO/(BCS-07)/COAD/2025/0477

Dated: 20/06/2025

✓ The Executive Director  
Bhutan Cancer Society  
Thimphu

**Subject: Financial Audit Report of Bhutan Cancer Society (BCS) for the period 1st January 2024 to 31 December 2024**

Sir,

Enclosed herewith, please find the audited financial statements and auditors' report thereon in respect of the "Bhutan Cancer Society" (BCS) for the period 1<sup>st</sup> January 2024 to 31 December 2024. The audit was conducted as required under the Audit Act of Bhutan 2018, and in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

#### **Auditors' Report on the Financial Statements**

As may be noted from the auditors' report, the financial statements are prepared by the Bhutan Cancer Society, in all material respects, in accordance with the Financial Rules and Regulation, 2016. Accordingly, the RAA has expressed unmodified (clean) opinion on the financial statements.

#### **Audit Findings and Recommendations**

The auditors' review of the accounting record, internal controls and operations of the Bhutan Cancer Society revealed some deficiencies and lapses.

The RAA has reviewed the replies furnished by **Bhutan Cancer Society** and incorporated in the report. Out of Two (2) audit findings issued, all audit findings were settled in view of replies and related supporting documents furnished, which are reported under **Part - I (Management Appraisal Report)** for future reference and compliance.

The BCS should take concerted efforts to resolve the balance findings under intimation to RAA. The Royal Audit Authority acknowledges the kind co-operation and assistance extended to the audit team by the officials of the BCS which facilitated timely completion of the audit.

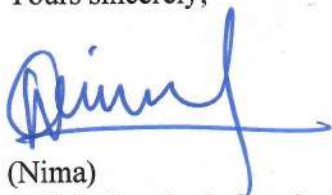
*Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder*

*- His Majesty the King Jigme Khesar Namgyel Wangchuck*

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Yours sincerely,



(Nima)

**Officiating Assistant Auditor General  
Compliance & Outsourced Audit Division**

**Cc:**

1. The Member Secretary, Civil Society Organization Authority, Thimphu
2. The AAG, Policy, Planning Division (PPD) RAA, Thimphu
3. The AAG, Follow-up & Legal Service Division (FuLSD), RAA, Thimphu
4. The Partner, L&N Financials Pvt. Ltd, Thimphu
5. Office Copy
6. Guard File

## TITLE SHEET

1. Title: Financial Audit Report of Bhutan Cancer Society, Thimphu
2. AIN: COAD-2025-261
3. Head of the organization: Karma Tobgay, ED  
CID No. 11503004429  
(From: 1 Jan 2023 to till date)
4. Finance / Program Personnel: Kencho Dema, Accountant  
CID No: 10808001443  
(From: 3<sup>rd</sup> April 2017 to Till date)
5. Period Audited: 01.01.2024 – 31.12.2024
6. Schedule of Audit: Planning: 13.05.2025 to 15.05.2025  
Conducting: 13.05.2025 to 16.05.2025  
Reporting:
7. Composition of Audit Team:
  - i. Laxmi Prasad Giri, Senior Auditor,  
CID No. 11214001226
  - ii. Purna Bdr. Monger, Team Member  
CID No. 11805000180
  - iii. Panchaman Limboo, Team Member,  
CID No. 10311000342
8. Supervising Officer: Narapati Nepal, Partner
9. Engagement Letter: RAA(BH-10)/AC/2025/4226 Dated: 12 May 2025  
Laxmi Prasad Giri , Team Leader, CID No.11214001226  
Email: [lnfinancials.bt@gmail.com](mailto:lnfinancials.bt@gmail.com)
10. Focal Person:
11. Date of Audit Exit Meeting: Not conducted



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## **ACRONYMS AND ABBREVIATIONS**

AIN	:	Audit Information Number
BCS	:	Bhutan Cancer Society
BoBL	:	Bank of Bhutan Ltd.
FRR	:	Financial Rules & Regulations
ISSAI	:	International Standards of Supreme Audit Institution
RAA	:	Royal Audit Authority
RRCO	:	Regional Revenue and Customs Office
TDS	:	Tax Deducted at source

**AUDITORS' REPORT ON THE FINANCIAL  
STATEMENTS**



# **L&N Financials Pvt. Ltd.**

## **Thimphu: Bhutan**

### **INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF BHUTAN CANCER SOCIETY FOR THE PERIOD 01.01.2024 TO 31.12.2024**

#### **Opinion**

We have audited the financial statements of **Bhutan Cancer Society (BCS)**, which comprise the Receipts and Payments Statement and schedules forming part of the financial statement for the period 01.01.2024 to 31.12.2024.

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

#### **Basis for Opinion**

We have conducted the audit of the organization in accordance with International Standards on Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent of the **Bhutan Cancer Society** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the 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 organization's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

The main objectives of our audit are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatements, 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.

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As part of an 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 basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions misrepresentations, or 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 purpose of expressing an opinion on the effectiveness of the agency's internal control;

As part of our audit, we had communicated 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 our audit.

For L&N Financials Pvt. Ltd.



(Laxmi Prasad Giri)  
Audit Partner



**Date: 19.06.2025**  
**Place: Thimphu**

## **FINANCIAL STATEMENTS - 2024**

**BHUTAN CANCER SOCIETY  
RECEIPT AND PAYMENT STATEMENT  
FOR THE PERIOD FROM 01.01.2024 TO 31.12.2024**

RECEIPTS	SCH	2023	2024	PAYMENTS	SCH	2023	2024
<b>Opening Balances:</b>	<b>1</b>	5,365,016.19	5,190,635.41	<b>Expenditures:</b>		<b>2,845,734.65</b>	<b>5,119,010.70</b>
Cash in Hand		-	-	Administrative	<b>5</b>	1,734,247.65	3,192,314.70
Cash at Bank		5,365,016.19	5,190,635.41	Programme	<b>6</b>	1,111,487.00	1,926,696.00
<b>Fund Received:</b>	<b>2</b>	2,612,352.25	7,837,343.04	<b>Assets purchased</b>	<b>7</b>	78,000.00	102,000.00
Donation		1,597,861.18	4,621,398.99				
Membership		921,373.00	2,002,166.41	<b>Advances</b>	<b>8</b>	60,000.00	48,000.00
Global Colon Cancer Ass		-	414,008.64				
Save the Children		-	799,769.00	<b>Remittances</b>	<b>9</b>	132,934.76	212,257.03
<b>Interest</b>	<b>3</b>	<b>163,015.76</b>	<b>229,244.70</b>	<b>Closing Balances:</b>	<b>10</b>	<b>5,190,635.41</b>	<b>8,075,407.33</b>
				Cash in Hand		-	-
<b>Recoveries</b>	<b>4</b>	<b>166,920.62</b>	<b>299,451.91</b>	Cash at Bank		5,190,635.41	8,075,407.33
<b>Total</b>		<b>8,307,304.82</b>	<b>13,556,675.06</b>			<b>8,307,304.82</b>	<b>13,556,675.06</b>



Kencho Dema  
Accountant





Karma Tobgay  
Executive Director

Executive Director  
Bhutan Cancer Society  
Thimphu : Bhutan



Laxmi Prasad Giri  
Audit Partner



**SCHEDULES FORMING PART OF RECEIPTS & PAYMENTS FOR THE YEAR 2024****SCHEDULE - 1: OPENING BALANCES**

Sl. No.	Particulars	2023	2024
1	Cash - in -Hand		
2	Cash at Bank		
i.	BoBL A/c No: 100927247	1,728,231.25	1,468,846.71
ii.	BNBL A/c No: 651322451(project)	392,783.49	316,949.64
iii.	BNB A/C No: 650474361(SA)	3,241,801.45	3,404,839.06
iv.	Prior Period Adjustment	2,200.00	-
	<b>Total</b>	<b>5,365,016.19</b>	<b>5,190,635.41</b>

**SCHEDULE - 2: FUNDS RECEIVED**

Sl. No.	Particulars	2023	2024
1	Donation:		
i	Ashi Kesang Wangmo Wangchuk & Familys	700,000.00	2,000,000.00
ii	General	897,861.18	2,621,398.99
2	Memberships Fees	921,373.00	2,002,166.41
3	Global Colon Cancer Association	-	414,008.64
4	Save the Children	-	799,769.00
5	UICC	93,118.07	
	<b>Total</b>	<b>2,612,352.25</b>	<b>7,837,343.04</b>

**SCHEDULE - 3: INTEREST RECEIVED**

Sl. No.	Particulars	2023	2024
1	BNBL Account 651322451	14,316.15	18,596.60
2	BNBL Account 650474361	148,699.61	210,648.10
	<b>Total</b>	<b>163,015.76</b>	<b>229,244.70</b>



**SCHEDULE - 4: RECOVERIES**

SL No.	Particulars	2023	2024
1	TDS 2%	14,313.36	9,696.38
2	TDS 5%	-	8,700.00
3	TDS on Salary	25,476.00	45,091.00
4	Group Insurance Scheme	600.00	13,900.00
5	Health Contribution	11,208.60	13,628.48
6	Provident Fund (Employee)	88,308.80	109,267.91
7	Advance recovered	20,000.00	58,500.00
8	Refund Inward	7,013.86	40,668.14
	<b>Total</b>	<b>166,920.62</b>	<b>299,451.91</b>

**SCHEDULE - 5: ADMINISTRATIVE EXPENSES**

SL No.	Particulars	2023	2024
1	Audit Fees	20,000.00	-
2	Bank Charge	500.00	600.00
3	Bhutan post	240.00	
4	Donation Boxs	-	41,250.00
5	Entertainment Expenses	23,097.00	70,079.00
6	Insurance	53,661.00	
7	Miscellaneous & Printing	74450	36,290.00
8	Parking Fees	1,500.00	
9	Pay and Allowances	-	127,519.55
10	Provident Fund(Employer)	82,154.40	117,971.91
11	Refund Expenses		888,196.82
12	Renewal & Registration	15,840.00	4,100.00
13	Rental - Building		174,000.00
14	Rental - Vehicle		95,751.49

15	Repair & Maintenance	15,000.00	160,914.00
16	Salary	1,120,860.00	1,365,849.05
17	Semso & Staff expenses	1,330.00	2,000.00
18	Supply and Materials	15,695.00	56,825.00
19	Transportation	78,383.35	730.00
20	Utility Expenses	231,536.90	50,237.88
	<b>Total</b>	<b>1,734,247.65</b>	<b>3,192,314.70</b>

#### **SCHEDULE - 6: PROGRAMME EXPENSES**

Sl. No.	Particulars	2023	2024
1	Care & Support	616,036.00	892,865.00
2	Prevention & Advocacy	57,769.00	98,681.00
3	Training	-	7,000.00
4	Travel expenses by BCS	159,433.00	54,664.00
5	World Cancer Day	16,700.00	23,800.00
6	Global Colo Cancer Association Exp	-	201,616.00
7	Save The Children Project Exp.	-	648,070.00
8	GGP Project	4,000.00	-
9	Pediatric Cancer Patient	12,500.00	-
10	Perdiem and Mileage	54,994.00	-
11	Project" Cancer in Society"	28,505.00	-
12	UICC	161,550.00	-
	<b>Total</b>	<b>1,111,487.00</b>	<b>1,926,696.00</b>

#### **SCHEDULE - 7: ASSETS PURCHASED**

Sl. No.	Particulars	2023	2024
1	Computer(Laptop 2 Nos.)	62,000.00	102,000.00
2	Table	13,000.00	-
3	Dewan	3,000.00	-
	<b>Total</b>	<b>78,000.00</b>	<b>102,000.00</b>

**SCHEDULE - 8: ADVANCE PAID**

Sl. No.	Particulars	2023	2024
1	Advances to Employees	60,000.00	48,000.00
	<b>Total</b>	<b>60,000.00</b>	<b>48,000.00</b>

**SCHEDULE - 9: REMITTANCES**

Sl. No.	Particulars	2023	2024
1	TDS 2%	14,241.36	11,765.64
2	TDS 5%	-	8,700.00
3	TDS on Salary	25,476.00	45,091.00
4	Group Insurance Scheme	-	15,100.00
5	Health Contribution	11,063.00	13,628.48
6	Provident Fund (Employee)	82,154.40	117,971.91
	<b>Total</b>	<b>132,934.76</b>	<b>212,257.03</b>

**SCHEDULE - 10: CLOSING BALANCES**

Date	Particulars	2023	2024
31.12.2024	Cash -in- Hand	-	-
31.12.2024	Cash at Bank:	5,190,635.41	8,075,407.33
<i>i</i>	BoB A/c No:100927247	1,468,846.71	874,335.10
<i>li</i>	BNB A/c No:651322451(project)	316,949.64	526,800.07
<i>lii</i>	BNB A/c No:650474361(Saving BCS)	3,404,839.06	6,674,272.16
	<b>Total</b>	<b>5,190,635.41</b>	<b>8,075,407.33</b>



## PART - I: MANAGEMENT APPRAISAL REPORT

### 1. Non-compliance with Procurement Procedures (3.2.65)

The *Financial Rules and Guidelines 2023*, Clause 2.2 **Delegation of Financial Power of the Bhutan Cancer Society**, mentions that the Executive Director is given full authority by the Board for overall operation of the Society including the financial powers. However, all cheques and bank advice shall be jointly signed by:

- i. the Head of the Organization as the final approving authority
- i. the Head of the Organization for amounts Nu.50,000/- and below:
- ii. the Chairperson for amounts Nu.50,000/- and above"

The review of the accounts and operations of the Cancer Society was conducted in line with the above rules to see to ascertain if the above payments were in line with the financial powers given to the ED. The audit team noted a few instances of payments which were not in line with the above rules.

Voucher No.	Particulars	Voucher type	Date	Amount (Nu)
83	Care and support	Payment	29.04.2024	52,000.00/-
199	Care & support	Payment	26.08.2024	60,000.00/-
244	Computer	Payment	18.10.2024	1,02,000.00/-

From the above table, it was noted that two payments were made to Khuenphen Pharmacy for purchase of Specialized Nutritional Supplement for diabetes management with name "Ensure," costing Nu. 52,000/- vide Voucher No. 83, Cheque No. 087169 dated 29th April 2024. For the similar reason Nu. 60,000/- was paid vide Voucher No. 199, Cheque No. 053153 dated 26th August 2024 (drawn through Bhutan National Bank).

Additionally, a payment of Nu. 102,000/- was made for the purchase of two laptops vide voucher No. 244, dated 18th October 2024 (drawn through Bank of Bhutan) to Lama Enterprise.

We conducted a review to ascertain if the above payments were in line with the financial powers given to the ED and noted that the management did not comply to the limits provided. Further key procedural and documentation requirements were not fulfilled such as:

- i. Competitive quotations or procurement records,
- ii. Purchase requisition or approval note,
- iii. Purchase order, Invoice and
- iv. Delivery note.

The above indicates non-compliance with established procurement protocols and weaknesses in the internal control systems.

Therefore, the Management is required to provide necessary justification.

#### Management's Response:



*The procurement of ENSURE on one supply (monthly) usually stands within the financial power of the Executive Director. The first procurement was made to ensure continuity of nutritional supplement as one area of Care and Support programme to individuals undergoing cancer treatment and in vulnerable health conditions. The second payment was made to compensate for the months during which supplies were not procured due to logistical and administrative delays.*

*The Bhutan Cancer Society acknowledges that this bulk purchase was necessary to make up for the unsupplied months to ensure that the nutrition support program was not compromised. It is acknowledged that the Society inadvertently overlooked the financial delegation of authority limits. Going forward, the Society commits to exercising stricter compliance with financial authority protocols and improving internal checks to avoid recurrence.*

*With reference to the payment of Nu. 1,02,000/- made for the purchase of two laptops vide Voucher No. 244 dated 18th October 2024 (Bank of Bhutan), we would like to clarify the following:*

*The laptops were procured as an urgent requirement for office use, as the existing desktops had significantly slowed down, directly affecting the work productivity of key staff members. The delay in replacing the outdated systems was impacting the efficiency of project implementation, service delivery and daily operations.*

*We acknowledge the importance of adhering strictly to the financial delegation of powers and procurement protocols. However, we would like to assure that the procurement was carried out with due diligence applying Direct Contracting Method and all relevant supporting documents such as the purchase requisition, spot quotations, comparative statements, invoice, and deduction of 2% TDS—are available and have been maintained appropriately.*

*Moving forward, the management will ensure that all procurement activities, irrespective of urgency, strictly comply with the approved financial powers and documentation requirements.*

**The observation is treated settled:**

*The observation is treated as settled and incorporated under the MAR based on the assurance provided to comply to the procurement rules and other documentary requirements in future.*

**Compliance to be made:**

*The management should take note that the rules and regulations made by the agency. The compliance to the assurances provided will be verified during the next audit.*

**2. Lack of Authorization Signatures on Receipt Vouchers (January–December 2024)  
(1.2.85)**

*As per the applicable financial norms, there is a mandatory requirement for authentication of the important official documents.*

*During the review of financial records of the Bhutan Cancer Society, for the period 1<sup>st</sup> January to 31<sup>st</sup> December 2024, it was observed that the receipt vouchers were not signed either by the Head of Finance or the Executive Director.*

*This indicates a lack of internal control and absence of oversight responsibility from the management besides that the financial record generated cannot be relied upon if it is not properly authenticated. It is recommended that all receipt vouchers be duly signed by authorized personnel*

to ensure compliance with financial management practices and to uphold transparency and accountability.

The management is required to provide necessary reasons or its updated status on the signatures.

**Management's Response:**

*The Management acknowledges the finding regarding the missing signatures on receipt vouchers for the period under review.*

*BCS receives thousands of individual donations annually, often in small and varying amounts. Many of these donations are deposited directly into the Society's bank account through various channels, including online transfers and cash deposits by individuals. Due to the high volume and decentralized nature of these incoming receipts, obtaining physical signatures from the Head of Finance or the Executive Director on every individual receipt voucher has proven operationally difficult.*

*This challenge was acknowledged by the previous auditor, who advised that while all financial records should be maintained and verified, a flexible approach may be warranted for incoming funds, particularly when supported by adequate banking records and system-generated receipts. Nonetheless, BCS ensures that all incoming donations are recorded accurately, bank statements are reconciled regularly, and all transactions are directly channeled to the BCS' account.*

*We remain committed to continuous improvement in our financial governance and welcome any additional recommendations from the auditors to enhance our processes.*

**The observation is treated settled:**

*Based on the assurance provided to bring improvements in the financial governance and follow recommendations of audit, the observation is treated as settled.*

**Compliance to be made:**

*The dealing official should institute certain control measures in place to comply to the requirements. The compliance to assurance provided will be verified in the next audit.*



## ANNEXURE – A: PROFILE

### Organization Profile

Bhutan Cancer Society (BCS) is a public benefit organization registered under the Civil Society Organizations Authority (Reg no. CSOA/PBO-337). BCS was officially launched by HRH Ashi Kesang Wangmo Wangchuck on 4th February coinciding with the World Cancer Day 2015. BCS is the only non-profit organization established for the benefit of cancer patient, caregiver and general population in Bhutan.

The BCS works under three main pillars:

- a. **Prevention and Advocacy:** Optimize prevention by improving access to knowledge and information through community-based awareness campaigns. Advocate and mobilize resources for prevention, treatment and policy dialogues.
- b. **Care and Support:** Enhance the quality of life for terminal patients and provide social, spiritual and, psychological support to cancer patients and their caregivers.
- c. **Research:** Make available evidence-based information to healthcare providers and cancer patients.

**Mission:** To improve cancer care and reduce the incidence of cancer through cancer control activities (Education, Prevention and Research) and provide psychosocial support to those affected by cancer.

### BCS Staffs Details

Sl. No	Name	Designation	CID/Phone Number	Date of Join
1	Mr. Karma Tobgay	Executive Director	11503004429/17483505	1 <sup>st</sup> January 2023
2	Pema Yangchen	Program Officer	11514000140/17846070	10 <sup>th</sup> January 2018
3	Kencho Dema	Accountant	10808001443/77373732	3 <sup>rd</sup> April 2017
4	Chhimi Eden	Patient Welfare Coordinator	11504003940/77814488	1 <sup>st</sup> August 2023