**AIN: COAD-2026-339**

# FINANCIAL AUDIT REPORT OF THE BHUTAN FILM INSTITUTE

## THIMPHU: BHUTAN

**PERIOD: 1 JULY 2025 TO 30 JUNE 2026**

**AUGUST 2026**

Dorjee Financial Private Limited
Firm Empanelment No.: BH - 02
NPPF Building, Changeney, Opposite FITI Building
Thimthrom, Thimphu, Bhutan
Email ID: dorjeefinacial@gmail.com

རྒྱལ་གཞུང་རྩིས་ཞིབ་དབང་འཛིན།
ROYAL AUDIT AUTHORITY
*Bhutan Integrity House*
Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources

RAA/CSO/PBO/(BFI-45)/COAD/2026/ 355

Date: August 28, 2026

The Executive Director
Bhutan Film Institute
Thimphu: Bhutan.

***Subject:*** **Financial Audit Report of Bhutan Film Institute, Thimphu for the period 01 July 2025 to 30 June 2026**

Sir,

Enclosed herewith, please find the audited **financial statements and auditors' report** thereon in respect of the **Bhutan Film Institute, Thimphu** for the period 1 July 2025 to 30 June 2026. 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).

## Auditor's Report on the Financial Statement

As may be noted from the auditors' report, the financial statements are prepared by the Bhutan Film Institute, Thimphu, 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.

The auditors' review of the accounting record, internal controls and operations of the Bhutan Film Institute, Thimphu revealed a deficiency and lapse. However, the audit finding issued was settled in view of the justifications provided, related documents and evidences furnished which is detailed in **Part - I (Management Appraisal Report)** for future reference and compliance.

## Follow-up status of previous audit reports

The RAA has also carried out the follow-up of previous audit reports. The summary of the reports and current status is given below and detailed in **Part II** of the report.

| Sl. No. | AIN | Name of Agency | Financial Year | No. of unresolved findings | No. of findings resolved | Balance |
|---|---|---|---|---|---|---|
| 1 | COAD-2025-413 | Bhutan Film Institute | 2024 - 2025 | 2 | 2 | 0 |

The Institute 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 Bhutan Film Institute, Thimphu which facilitated timely completion of the audit.


P.O. Box: 191 | Kawangjangsa | Thimphu | Bhutan | Tel: +975-2-322111
Website: www.bhutanaudit.gov.bt | Email: info@bhutanaudit.gov.bt

Yours sincerely,

(Tshering Yangzom)
**Assistant Auditor General**

***Copy to:***

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

## TITLE SHEET

| | |
|---|---|
| 1. Title: | Financial Audit Report of Bhutan Film Institute, Thimphu |
| 2. AIN: | COAD-2026–208 |
| 3. Head of the Agency | Tshering Phuntsho, Executive Director<br>CID No. 1020****660<br>(From: May 2017 to till date)<br>(E-mail: tphuntsho@bhutanfilminstitute.org) |
| 4. Drawing & Disbursing Officer | Tshering Phuntsho, Executive Director<br>CID No. 1020****660<br>(E-mail: tphuntsho@bhutanfilminstitute.org)<br>Dechen Choden, Finance Officer<br>CID No. 1151****937<br>(E-mail: dechenchoden.bfi@gmail.com) |
| 5. Name of Finance Personnel: | Dechen Choden, Finance Officer<br>CID No. 1151****937<br>From: June 2017 to till date<br>(E-mail: dechenchoden.bfi@gmail.com) |
| 6. Period Audited: | 01/07/2025 – 30/06/2026 |
| 7. Schedule of Audit: | Start date: 05/08/2026<br>End date: 15/08/2026 |
| 8. Composition of Audit Team: | **Team Leader:**<br>i. Jigme Dorji, Partner<br>**Team Members:**<br>ii. Pema Wangmo<br>iii. Nedup Lhamo |
| 9. Supervising Officer: | Jigme Dorji, Partner |
| 10. Audit Intimation Letter No.: | RAA(BH-02)/COAD/2026/100 Dated: 22 July 2026 |
| 11. Focal Person: | Jigme Dorji, Partner<br>Email: dorjeefinancial@gmail.com |
| 12. Date of Audit Exit Meeting: | 28/08/2026 |

**ACRONYMS**

| | | |
|---|---|---|
| AIN | : | Audit Identification Number |
| BoBL | : | Bank of Bhutan Ltd. |
| BFI | : | Bhutan Film Institute |
| BNBL | : | Bhutan National Bank Ltd |
| CSOA | : | Civil Society Organization Authority |
| 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 |

## TABLE OF CONTENTS


AUDITORS' REPORT ON THE FINANCIAL STATEMENTS ..... 1

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE BHUTAN FILM INSTITUTE, THIMPHU FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2026..... 2

MINIMUM AUDIT EXAMINATION REQUIREMENT ..... 4

FINANCIAL STATEMENTS..... 7

1. RECEIPTS & PAYMENTS STATEMENT ..... 8
2. SCHEDULE TO RECEIPTS & PAYMENTS STATEMENT..... 9

AUDIT FINDINGS AND RECOMMENDATIONS ..... 14

PART – I: MANAGEMENT APPRAISAL REPORT ..... 15
PART II: FOLLOW-UP OF PREVIOUS AUDIT REPORT ..... 16
PROFILE..... 18

# AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

# AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF THE BHUTAN FILM INSTITUTE, THIMPHU FOR THE FINANCIAL YEAR ENDED 30th JUNE 2026.

## Opinion

We have audited the financial statements of **Bhutan Film Institute, Thimphu,** which comprise of the Receipts and Payments Statement and schedules forming part of the financials statement for the year ended 30th June 2026.

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 conducted our audit 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 Film Institute, Thimphu and we have fulfilled our responsibilities in accordance with the requirement outlined in *RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors.* We believe that the audit evidence 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 BFI's financial reporting process.

## Auditors' 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 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 BFI's internal control;

We 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 **Dorjee Financial Private Limited**
Firm License No.: 1055355

Jigme Dorji, CPA
Membership No.: 10652492
Place: Thimphu, Bhutan
Date: 28/08/2026

# MINIMUM AUDIT EXAMINATION REQUIREMENT

**Annexure - II**

**Minimum Audit Examination Requirement conducted are as under:**

**1. Inclusion of all accounts:**

*The audit team verified all four bank accounts maintained by Bhutan Film Institute, comprising one account with Bank of Bhutan (BoB) and three accounts with Bhutan National Bank (BNB), namely a fixed deposit account (endowment fund), recurring deposit account and savings account. The BoB operating account is used for the day-to-day operations of the Institute. The bank accounts were subject to monthly bank reconciliations, and the balances were verified by the audit team against the respective bank statements and supporting records.*

**2. Verification of minimum endowment fund:**

*As per Notification No. CSOA/C&I/03/2024/57 dated 26 August 2024 issued by the Civil Society Organisation Authority (CSOA), Public Benefit Organisations (PBOs) are required to establish an endowment fund of Nu. 3 million progressively over a period of four years. Based on the records and supporting documents examined, Bhutan Film Institute had accumulated an endowment fund of Nu. 1,100,000 as at 30 June 2026. The balance was verified against the relevant fixed deposit records.*

**3. Workplan implementation and Alignment with Mandates:**

*The audit team reviewed the workplan and assessed the implementation status of activities against the registered mandates of the Institute. Based on the information and explanations provided by management, Bhutan Film Institute had planned eight activities for FY 2025–2026 with a total budget of Nu. 20.35 million, of which activities amounting to approximately Nu. 1.50 million had been implemented during the year. The implemented activities were reviewed for consistency with the stated mandates of the Institute.*

**4. Registration and Compliance status:**

*The audit team verified the registration and compliance status of Bhutan Film Institute through the CSOA website. Based on the verification performed, the Institute was found to be duly registered and compliant with the applicable CSOA requirements. The Institute had a BCAS score of 78% at the time of the audit.*

**5. Governance structure and Meetings:**

*The audit team examined the records of Board meetings and Annual General Meeting, including the relevant minutes and attendance records. Based on the documents reviewed, Bhutan Film Institute had conducted the required quarterly Board meetings and maintained supporting records and minutes thereof.*

**6. Resources and Infrastructure:**

*The audit team assessed the human resource structure of Bhutan Film Institute and noted that the Institute had Executive Director and Accounts personnel but did not have a dedicated Programme Officer. According to management, the position of Programme Officer had not been filled due to the organization's limited and unstable financial resources. The matter was noted as a resource constraint affecting the organization's programme management capacity.*

**7. Internal Policies and Guidelines:**

*The audit team verified that Bhutan Film Institute has Internal Service Rules endorsed by the Department of Labour, Ministry of Industry, Commerce and Employment. It was further noted*

*that the Institute has separate internal financial rules and procurement guidelines. The audit team reviewed the available financial records and supporting documentation for compliance with the applicable requirements.*

**8. Fund Utilisation and Spending Patterns:**

*The audit team reviewed the major sources of income and significant expenditure categories to assess the overall fund utilisation and spending pattern of the Institute. The major sources of receipts comprised grants and donations amounting to Nu. 4,903,862.41 and other programme receipts amounting to Nu. 2,095,598.84 (refer Note 2(s) to the financial statements). The major expenditure categories included employee-related costs of Nu. 2,313,000.00 and programme and project expenses of Nu. 1,948,435.17. The expenditure patterns were reviewed against the nature and activities of the Institute.*

*9.* **Income Recognition and Transparency:**

*The audit team examined the records and supporting documents relating to the various sources of income and receipts of the Institute. Based on the audit procedures performed, income from the identified sources was appropriately recorded and reflected in the financial statements.*

**10. Audit of Activity Areas:**

*The audit team reviewed the activities undertaken by Bhutan Film Institute during the financial year and examined the relevant supporting documents, where applicable. No significant construction or similar undertaking requiring an extended physical audit procedure was identified during the audit.*

**11. Salary Disparities:**

*The audit team reviewed the salary structure and related payroll records maintained by Bhutan Film Institute. The salary structure had been approved by the Board of Directors. Accordingly, the audit team did not identify or report any salary disparity, as the determination and approval of remuneration falls within the governance and oversight responsibilities of the Board.*

**12. Fines and Penalties paid:**

*The audit team examined the expenditure records and supporting documents for fines and penalties arising from non-compliance. Based on the audit procedures performed, no expenditure relating to fines or penalties arising from non-compliance was identified as having been charged to programme or implementation-related expenditure during the year.*

**13. Approvals and Formal Agreements in Collaborations:**

*The audit team reviewed the available records and obtained management's representations regarding collaborations and partnerships with other organisations. Based on the documents examined and explanations provided by management, no significant partnership or collaboration requiring a formal Memorandum of Understanding (MoU) or other formal agreement was identified during the period under audit.*

# FINANCIAL STATEMENTS

## 1. RECEIPTS & PAYMENTS STATEMENT

**BHUTAN FILM INSTITUTE**
**Receipts & Payments Statement**
**For the year ended 30 June 2026**

| Opening Cash and Cash Equivalents | Schedule | 30.06.2026 | 30.06.2025 |
|---|---|---|---|
| Bank Accounts | 1.1 | 1,428,732.71 | 883,595.80 |
| Cash-in-Hand | 1.2 | 11,120.58 | 9,769.58 |
| **Total Opening Balance** | | **1,439,853.29** | **893,365.38** |
| **Receipts** | | | |
| Grants, Donations & Fund Raising | 2.1 | 4,903,862.41 | 12,725,245.49 |
| Interest Received | 2.2 | 51,325.38 | 0.00 |
| Project/Programme Receipt | 2.3 | 2,095,598.84 | 6,025,558.00 |
| Other Receipt & Recovery | 2.4 | 589.51 | 0.00 |
| **Total Receipts** | | **7,051,376.14** | **18,750,803.49** |
| **Payments** | | | |
| Employee Related Expenses | 3.1 | 2,313,000.00 | 2,165,000.00 |
| Programme/Project Expenses | 3.2 | 1,948,435.17 | 11,950,278.30 |
| General & Administrative Expenses | 3.3 | 1,186,848.02 | 4,015,389.00 |
| Payment to Suppliers / Creditors | 3.4 | 409,508.00 | 0.00 |
| Net Recovery & Remittance | 3.5 | 3,500.00 | 0.00 |
| Net Advance Payment & Settlement | 3.6 | 98,850.05 | 0.00 |
| **Total Payments** | | **5,960,141.24** | **18,130,667.30** |
| **Net Movement in Cash and Cash Equivalents** | | **1,091,234.90** | **620,136.19** |
| **Cash and Cash Equivalents at End of Period** | | | |
| Bank Accounts | 4.1 | 2,519,967.61 | 1,428,732.72 |
| Cash-in-Hand | 4.2 | 11,120.58 | 11,120.58 |
| **Closing Cash & Cash Equivalents** | | **2,531,088.19** | **1,439,853.30** |

**For Dorjee Financial Private Limited**
Firm License No.: 105535

Jigme Dorji, CPA
Managing Partner
Membership No.: 106524
Place: Thimphu, Bhutan
Date: 28/08/2026

**On Behalf of Bhutan Film Institute**

Dechen Choden
Finance Officer

Tshering Phuntsho
Executive Director

BHUTAN FILM INSTITUTE

## 2. SCHEDULE TO RECEIPTS & PAYMENTS STATEMENT

### SCHEDULE – 1: OPENING CASH AND CASH EQUIVALENTS

| Schedule 1.1: Bank | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Bank of Bhutan (214***812) | 1,412,097.71 | 882,595.80 |
| Bhutan National Bank (641***761) | 16,635.00 | 1,000.00 |
| Fixed Deposit BNB (670***412) | 0.00 | 0.00 |
| Recurring Deposit BNB (660***319) | 0.00 | 0.00 |
| **Total** | **1,428,732.71** | **883,595.80** |

| Schedule 1.2: Cash in Hand | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Cash in Hand | 2,501.58 | 1,150.58 |
| Cash USD (100) | 8,619.00 | 8,619.00 |
| **Total** | **11,120.58** | **9,769.58** |

### SCHEDULE - 2: RECEIPTS

| Schedule 2.1: Grants, Donation & Fund Raising | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Donation - BOB Account | 4,709,862.41 | 12,596,015.61 |
| Donation - BNB Account | 0.00 | 0.00 |
| Fund Raising - BOB Account | 64,100.00 | 129,229.88 |
| Fund Raising - BNB Account | 129,900.00 | 0.00 |
| **Total** | **4,903,862.41** | **12,725,245.49** |

| Schedule 2.2: Interest Received | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Interest from Fixed Deposit | 51,325.38 | 0.00 |
| **Total** | **51,325.38** | **0.00** |

| Schedule 2.3: Project/Program Receipt | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Fund Receipt from DOMCIP | 0.00 | 6,025,558.00 |
| Australian Commission (Samuh Collaboration) | 2,095,598.84 | 0.00 |
| **Total** | **2,095,598.84** | **6,025,558.00** |

| Schedule 2.4: Other Receipt & Recovery | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Other Receipts | 589.51 | 0.00 |
| **Total** | **589.51** | **0.00** |

DORJEE FINANCIAL PRIVATE LIMITED

BHUTAN FILM INSTITUTE

## SCHEDULE - 3: PAYMENTS

| Schedule 3.1: Compensation of Employees | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Salary | 2,219,000.00 | 1,960,000.00 |
| PF Employer | 94,000.00 | 205,000.00 |
| **Total** | **2,313,000.00** | **2,165,000.00** |

| Schedule 3.2: Program/Project Expenses | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Hiring Charges | 100,000.00 | 275,000.00 |
| Hiring of Equipment | 5,000.00 | 0.00 |
| Hiring of Movie Equipment | 44,000.00 | 0.00 |
| Hosting and Servicing Movie Hub | 15,000.00 | - |
| Event Expenses (KBIFF) | 191,780.05 | 9,816,729.70 |
| Event Expenses (DOMCIP Training) | - | 1,516,600.60 |
| Sub-Granting Expenses | 1,592,655.12 | - |
| Media Expenses | - | 314,544.00 |
| Ticketing | - | 27,404.00 |
| **Total** | **1,948,435.17** | **11,950,278.30** |

| Schedule 3.3: General & Administrative Expenses | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Bank Charges | 50.00 | 50.00 |
| Donation | 5,000.00 | 0.00 |
| Local Travel Expenses | 3,000.00 | 1,500.00 |
| Accommodation | 0.00 | 45,240.00 |
| Entertainment & Hospitality Expenses | 161,159.18 | 2,683,279.00 |
| Tax, Fees & Duties | 168.82 | |
| Office Misc.& Gift Expenses | 225,089.00 | |
| POL Expenses | 44,250.49 | 76,134.00 |
| Printing & Stationary | 52,162.00 | 25,557.00 |
| Parking Fee | 0.00 | 2,450.00 |
| Registration Certificate Renewal Fee | 3,000.00 | 3,000.00 |
| Office Rent | 550,000.00 | 794,764.00 |
| Repair & Maintenance Expenses | 7,167.00 | 120,488.00 |
| Honorarium | 0.00 | 20,570.00 |
| Telephone & Internet Expenses | 53,696.38 | 62,148.00 |
| Transportation Expenses | 20,020.00 | 63,718.00 |
| Utility Expenses - Electricity, Water & Sewerage | 6,285.00 | 11,331.00 |
| Website Maintenance Expenses | 55,800.15 | 0.00 |
| Service Charge | - | 51,060.00 |
| Wages | - | 3,000.00 |
| Other Expenses | - | 51,100.00 |
| **Total** | **1,186,848.02** | **4,015,389.00** |

DORJEE FINANCIAL PR

BHUTAN FILM INSTITUTE

| Schedule 3.4: Payment to Supplier & Creditor | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Trade Payable | 200,000.00 | 1,798,655.12 |
| Refund to Co-Funder | 209,508.00 | 0.00 |
| **Total** | **409,508.00** | **1,798,655.12** |

| Schedule 3.5: Statutory Recovery & Remittances | 30.06.2026 | 30.06.2025 |
|---|---|---|
| ***A. Recovery*** | | |
| Audit Recovery | 13,750.00 | 0.00 |
| PF Employee | 94,000.00 | 205,000.00 |
| Health Contribution | 21,050.00 | 20,500.00 |
| TDS - Salary | 223,517.00 | 284,036.00 |
| TDS - 2% | 40,810.54 | 4,608.00 |
| TDS - 5% | 26,500.00 | 0.00 |
| Tax Deducted by Bank | 589.51 | |
| **Total Recovery** | **420,217.05** | **514,144.00** |
| ***B. Remittance*** | | |
| Audit Recovery | 13,750.00 | 0.00 |
| PF Employee | 94,000.00 | 205,000.00 |
| Health Contribution | 21,050.00 | 20,500.00 |
| TDS - Salary | 223,517.00 | 284,036.00 |
| TDS - 2% | 40,810.54 | 4,608.00 |
| TDS - 5% | 30,000.00 | 0.00 |
| Tax Deducted by Bank | 589.51 | |
| **Total Remittance** | **423,717.05** | **514,144.00** |
| **Net Recovery & Remittance (A-B)** | **(3,500.00)** | **0.00** |

| Schedule 3.6: Advance Payment & Settlement | 30.06.2026 | 30.06.2025 |
|---|---|---|
| ***A. Advance Payment*** | | |
| Advance to professionals | 25,000.00 | 0.00 |
| Security deposit for office | 80,000.00 | 205,000.00 |
| Staff advance | 20,000.00 | 20,000.00 |
| Julie & Gyal | 251,902.05 | 0.00 |
| Other Advance | 0.00 | 284,036.00 |
| Sundry Debtor | 1,850.00 | 0.00 |
| **Total Payment** | **378,752.05** | **509,036.00** |
| ***B. Recovery/Adjustment*** | | |
| Advance to professionals | 0.00 | 0.00 |
| Security deposit for office | 0.00 | 205,000.00 |
| Staff advance | 28,000.00 | 20,000.00 |
| Julie & Gyal | 251,902.00 | 0.00 |
| Other Advance | 0.00 | 284,036.00 |
| Sundry Debtor | 0.00 | 0.00 |
| **Total Recovery/Adjustment** | **279,902.00** | **509,036.00** |
| **Net Advance Payment & Recovery (A-B)** | **98,850.05** | **0.00** |

## SCHEDULE - 4: CLOSING CASH & CASH EQUIVALENTS

| Schedule 4.1: Bank | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Bank of Bhutan (214***812) | 1,221,570.22 | 1,412,097.72 |
| Bhutan National Bank (641***761) | 170,397.39 | 16,635.00 |
| Fixed Deposit with BNB (670***412) | 1,100,000.00 | 0.00 |
| Recurring Deposit BNB (660***319) | 28,000.00 | 0.00 |
| **Total** | **2,519,967.61** | **1,428,732.72** |

| Schedule 4.2: Cash in Hand | 30.06.2026 | 30.06.2025 |
|---|---|---|
| Cash in Hand | 2,501.58 | 2,501.58 |
| Cash USD (100) | 8,619.00 | 8,619.00 |
| **Total** | **11,120.58** | **11,120.58** |

## SCHEDULE - 5: SALARY DETAILS

| Name of Employee | Designation | Basic Salary | Annual Basic Salary Paid | Allowances | Total Annual Salary |
|---|---|---|---|---|---|
| Mr. Tshering Phuntsho | Executive Director | 120,000.00 | 1,440,000.00 | 225,000.00 | 1,665,000.00 |
| Mrs. Dechen Choden | Finance Officer | 40,000.00 | 440,000.00 | 0.00 | 440,000.00 |
| Ms. Rinzin | Program Officer | 18,000.00 | 72,000.00 | 0.00 | 72,000.00 |
| Ms. Sonam Deki | Office Assistant | 12,000.00 | 42,000.00 | 0.00 | 42,000.00 |
| **Total** | | **178,000.00** | **1,952,000.00** | **225,000.00** | **2,219,000.00** |

## SCHEDULE - 6: FIXED ASSET DETAILS

| Sl. No. | Description of Assets | Total Cost | | | |
|---|---|---|---|---|---|
| | | Beginning | Additional | Disposal | Year End |
| **Office Equipment** | | | | | |
| 1 | Epson Eco Tank L-3250 ( Printer).. | 24,000.00 | - | - | 24,000.00 |
| 2 | Brother Printer DCP-L2520D(Printer) | 25,000.00 | - | - | 25,000.00 |
| 3 | Dell Latitude laptop-3420i511th Gen/16GBRAM | 68,500.00 | - | - | 68,500.00 |
| 4 | Dell Latitude laptop-3420i311th Gen/8GBRAM(2nos) | 93,800.00 | - | - | 93,800.00 |
| | **Sub Total** | **211,300.00** | **0.00** | **0.00** | **211,300.00** |
| **Furniture** | | | | - | - |
| 1 | Computer table: Dextero | 12,990.00 | - | - | 12,990.00 |
| 2 | Director Table: gardeniat15 | 55,990.00 | - | - | 55,990.00 |
| 3 | Swivel Chair: Umberto-121 | 10,990.00 | | - | 10,990.00 |
| 4 | Executive Table; Illingwoit+11 | 19,990.00 | | - | 19,990.00 |
| 5 | Executive Table; Richard+13 | 19,990.00 | | - | 19,990.00 |

BHUTAN FILM INSTITUTE

DORJEE FINANCIAL PRIVATE LIMITED

| | | | | | |
|---|---|---|---|---|---|
| 6 | Swivel Chair: Clive-332 | 13,990.00 | - | - | 13,990.00 |
| 7 | Office Chair(6nos) | 47,400.00 | - | - | 47,400.00 |
| 8 | Executive Chair | 18,500.00 | - | - | 18,500.00 |
| 9 | Lack Table (2 nos) | 3,500.00 | - | - | 3,500.00 |
| 10 | Conference Table | 35,000.00 | - | - | 35,000.00 |
| 11 | Chair with Cushion(8nos) | 28,000.00 | - | - | 28,000.00 |
| | **Sub Total** | **266,340.00** | **0.00** | **0.00** | **266,340.00** |
| | **Grand Total** | **477,640.00** | **0.00** | **0.00** | **477,640.00** |

**For Dorjee Financial Private Limited**
Firm Empanelment No.: BH-02

Jigme Dorji, CPA
Managing Partner
Membership No.: 10632402
Place: Thimphu, Bhutan
Date: 28/08/2026

**On Behalf of Bhutan Film Institute**

Dechen Choden
Finance Officer

Tshering Phuntsho
Executive Director

# AUDIT FINDINGS AND RECOMMENDATIONS

## PART – I: MANAGEMENT APPRAISAL REPORT

This part contains audit memos/observations that are resolved based on the compliances assured to institute necessary controls or remedies by the management. It also includes those audit memos/observations resolved in view of the replies and related supporting documents and evidences furnished, for future reference.

### 1. Non-Collection of TDS on Office Rent – Nu. 3500.00 (4.2.27)

As per Chapter 3, Section 11 and 19 of the Income Tax Act of kingdom of Bhutan, 2021, and Section 5.2.2(b) of Revised Guidelines on TDS, "TDS on rental income must be deducted at the rate of 5% on the gross rent paid for hiring rental properties by the government, semi-government, NGOs, companies and business entities".

BFI occupied office premises at M/s. Dumra Home, RTC, at a monthly rental of Nu. 70,000. The office was relocated to its current premises in October 2025, and the October 2025 rent was adjusted against the security deposit paid to the owner.

It was observed that BFI did not deduct Nu. 3,500.00 from the owner, although the same amount was remitted to RRCO through Payment Voucher No. 84 dated 31 October 2025.

As a result, the amount of TDS is actually not collected from the owner, while Nu. 3,500 was remitted to RRCO, resulting in a negative TDS liability of Nu. 3,500 being reflected in the Balance Sheet.

The non-collection of TDS from the property owner resulted in BFI bearing the TDS amount that should have been deducted from the rental payment. This has also resulted in an incorrect presentation of the TDS liability in the financial statements.

Management is recommended to recover Nu. 3,500 from the property owner and deposit the recovered amount into BFI's bank account.

***Auditee's Response:***

*Management has recovered Nu.3,500 from the Property owner and deposit the amount into BFI's bank account on 18 August, 2026. Henceforth, Management will ensure that TDS is properly deducted from future applicable payments and the related accounting entries and tax liabilities are correctly recorded and reconciled.*

***Why the memo was treated as settled:***

*Based on the response above and the TDS amount being recovered and deposited into BFI's Account as evidenced from the receipt, the observation treated as settled.*

***Compliance to be made by Management:***

*As assured in the response, the management should strictly abide by the applicable tax deduction procedures and financial regulations in future. The compliance to the assurance provided will be verified in the next audit.*

## PART II: FOLLOW-UP OF PREVIOUS AUDIT REPORT

The RAA has also carried out the follow-up of previous years' audit reports, the status of which are provided below:

| Obs. No. | Observations in brief | RAA's last comments | Auditee's response | Status of Compliance | Current status |
|---|---|---|---|---|---|
| **AIN: COAD-2025-413 (Period Covered : FY 2024-2025)** | | | | | |
| 1 | Short payment of salary - Nu. 10,000.00 | The response furnished by the management to deliberate the matter during the upcoming Board meeting is noted. However, it is reiterated that the deviation from the employment contract, resulting in the underpayment of salary is a breach of contractual obligations and a lapse in internal payroll controls. The Management should either rectify the employment contract with Board's approval or immediately process for shortage payment of Nu. 10.000.00 per month to Ms. Dechen Choden. Non-compliance to the established payroll procedures will lead to administrative actions against the responsible personnel to reinforce accountability and prevent recurrence of similar lapses. Further; the management should strengthen its internal control system within payroll and HR processes such as cross-verification of salary payments with approved contracts, implementation of monthly payroll checklist and authorization processes and regular internal audit or HR view of payroll data. | ATR ref. Nil dated 02/12/2025.As we received limited response from the board and considering the deadline submitted by the RAA; the management has verbally discussed and decided to increase Ms. Dechen Choden's salary to Nu. 40,000/- per month w.e.f. Nov. 2025 as per the employment contract. However, it was also agreed that she will not be entitled to the short payment of Nu. 10, 000/- per month due to the financial position of the institute. | In view of reasons furnished vide ATR dated 2 December 2025. the observation has been settled. However, the management is advised to strengthen its internal control system for payroll and salary payments, ensuring strict adherence to the approved contract terms and conditions, to avoid such disparities in the future. | **Settled** |
| 2 | Non – deduction of statutory deduction – Nu.13,750 | The response furnished by the management is noted. However, the payments made without deducting TDS reflect weaknesses in governance and financial controls, resulting in non-compliance with fax laws. Therefore, the management is required to calculate and recover the outstanding TDS amount of | Nu. 10,000+Nu. 3759.04 deposited with RAA vide Rt. No. RAA/TH/2025/1739 dated 7/11/2025 and RAA/TH/2025/1816 dated 01/12/2025. Total | In view of Nu. 13,759.04 deposited with the RAA vide Receipt No. RAA/TH/2025/1816 dated 1 December 2025, the observation has been settled. However, the management is | **Settled** |

| | | | | | |
|---|---|---|---|---|---|
| | | Nu. 73.750.00. and deposit into the Audit Recoveries Account (ARA) within one month from the date of issue of the Report beyond which penalty @24% per annum shall be levied as per section 55 21) of the Audit Act of Bhutan.  Further, the management should ensure that all future payments of a similar nature are subject to statutory deductions as required by law. Strengthening internal controls and compliance checks within the finance systems is essential to prevent recurrence of such lapses. | deposited Nu. 13,759.04 | advised to ensure statutory deductions for similar transactions in the future, as required by law to avoid recurrence of such a lapse. | |

## PROFILE

### Background

Bhutan Film Institute is a not-for-profit organization registered with Civil Society Organization Authority on 30th October 2023, to teach, inspire and pave the way for aspiring filmmakers of Bhutan to showcase their talents and unwavering passion for storytelling in the international arena.

### Purpose

The main purpose of the Institute is to:

1. Function as a premier not-for-profit center for training in Bhutan that provides highly credible, relevant and innovative programs on filmmaking, contributing to the professionalization of the film sector in Bhutan.
2. Create a vibrant, productive and meaningful film sector that contributes to the socioeconomic development of the country.
3. Equip Bhutanese youth, filmmakers and creative professionals with relevant skills and knowledge and create sustainable financially meaningful employment in the film industry.
4. Further the enhancement of film and other storytelling media.

### Objectives

The main objectives are:

1. Skill and re-skill current and future generation of Bhutanese filmmakers and creative professionals through innovative training programs, designed and delivered by world class experts.
2. Equip filmmakers with advanced knowledge and skill to enhance to enable them to create films that can make it renowned international films festivals across the world.
3. Collaborate and network with top international film festivals across globe and create opportunities for Bhutanese films to participate in these festivals.
4. Initiate and organize a first of its kind Bhutan International Film Festivals in the country creating a vital space for exhibition of international and domestic films in Bhutan.
5. Collaborate and coordinate with relevant associations, film development agencies and international funding organizations to support local film development agencies and international producers with local filmmakers.
6. Raise visibility of the Bhutanese films industry in order to gain better access to the global marketplace.
7. Liaise with other filmmaking centers to build collaboration opportunities.

### Scope of activities:

The scope of activities includes but not limited to the following:

1. Develop, design and roll out highly relevant and innovative programs on filmmaking especially customized to cater to a broad spectrum of Bhutanese youth, filmmakers and creative professionals.

2. Plan and establish Bhutan's international films festival under the title banner "Bhutan International Film Festival", an annual event that will curate and exhibit films from across the world including Bhutanese films.
3. Create a Resource Center for creative professionals and filmmakers to learn about international film festivals and connect with relevant film curators and programmers of various film festivals around the world.
4. Conduct short term training programs on critical skills through workplace, seminars and master class, delivered by world class experts and professionals.
5. Initiate pre-production labs for films at concept, script and development stage, production labs for film under production and post-production labs for completed films.
6. Collaborate with tertiary institutes, colleges and universities to build institutional linkages and provide short-term trainings, workshops and seminars on filmmaking, film market and job opportunities in the film sectors.
7. collaborations with top film schools around the world and provide exchange programs for Bhutanese filmmakers, artists and technical and creative professionals.
8. Develop grant program to support promising young Bhutanese filmmakers. The grants will include both film production and travel to international films festivals.

**Team of Bhutan Film Institute**

**A. Royal Patron**

Her Majesty Queen Mother Gyalyum Tshering Yangdon Wangchuk

**B. Board Members**

1. Chencho Dorji, President/Board Member
2. Imelda Peapealalo Gee Hendreson, Board Member/Co-Founder
3. Sibille Hart Pritchard, Board Member/Co-Founder
4. Lhaki Dolma, Board Member.
5. Dorji Wangchuk, Board Member

**C. Office Staff**

1. Tshering Phuntsho, Executive Director
2. Rinzin, Program Officer
3. Dechen Choden, Finance Officer

