

TRANSPARENCY INTERNATIONAL CAMBODIA

(Established in Cambodia)

MANAGEMENT LETTER

For the period from 01 April 2012 to 30 September 2013

(FOR MANAGEMENT PURPOSES ONLY)



ម៉រីសុង កាក់ & អាសូស៊េស៊ី

Morison Kak & Associés

Certified Public Accountants, Cambodia

17 December 2013

Mr. Preap Kol - Executive Director
Transparency International Cambodia
No. 9B, Street 466
Khan Chamcarmon
Phnom Penh

Dear Sir,

Management Letter for the period from 01 April 2012 to 30 September 2013

In connection with our audit of the Statement of Fund Receipts and Disbursements (the "financial statement") of the Transparency International Cambodia (the "Organisation") for the period from 01 April 2012 to 30 September 2013, we reviewed certain aspects of the Organisation accounting procedures and system of internal control. Our recommendations are setting out in the attached report. Our recommendations are offered as constructive suggestions for the consideration of the management of the Organisation as part of the ongoing process of modifying and improving internal accounting controls and other financial and administrative practices and procedures. The draft of this letter with request for comments was sent to the management on 14 November 2013. Management written comments were received on 17 December 2013. These comments have been incorporated verbatim in the appropriate sections throughout the attached report.

You will appreciate that the matters raised in this report came to our attention during the conduct of our normal audit procedures, which are designed primarily with a view to the expression of our opinion on the financial statement. Our comments, therefore, cannot be expected to include all possible improvements in internal control, which a more extensive special examination might reveal.

We would like to take this opportunity to express our sincere appreciation for the co-operation that we received from the Organisation during the course of our audit.

Yours faithfully,

Morison Kak & Associés
Certified Public Accountants
Registered Auditors

Saksom Meas
Managing Partner



An independent member of

Morison International

A Global Association of Independent Professional Firms

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TRANSPARENCY INTERNATIONAL CAMBODIA

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The following weaknesses were identified during the course of our audit for the period from 01 April 2012 to 30 September 2013.

A. TRANSPARENCY INTERNATIONAL CAMBODIA

1. EXPENSE SUMMARY SHEET

Observation:

While reviewing payment vouchers (PV), we noted that the PVs did not have a detailed expense summary list for easy review.

Implication:

Subsequent review of accounting transactions may be time consuming when a detailed expense summary list is not maintained.

Recommendation:

We recommend the use of a summary expense sheet to recap the details of all expense documents.

Management's response:

Agree, we have already improved the voucher system since the very beginning of the new fiscal year 2013.

B. ANTI-CORRUPTION UNIT

1. FIXED ASSET CODING

Observation:

During the course of our audit, we noted that fixed assets have not been labelled.

Implication:

Internal control procedures over fixed assets were not operating as designed. Internal control standards require that fixed asset inventory be protected from unauthorised use or removal, and that property be properly controlled.

Recommendation:

The Project should mark or label its fixed assets immediately after putting them into use and that codes, locations and users should be referenced to the fixed assets register for easy tracking by items or by locations as well as to retain supporting documentation for purchases of fixed assets in all cases.

Management's response:

Agreed with the auditor's comment. The Anti Corruption Unit will do as per recommendation. However, because of confidentiality, some of fixed assets cannot be labelled.

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For the period from 01 April 2012 to 30 September 2013

C. CAMBODIAN CENTER FOR INDEPENDENT MEDIA

1. PAYSLEIPS

Observation:

Our examination of salary expenses disclosed that no pay slips had been prepared and given to staff to be signed as an acknowledgement of receipt.

Implication:

Without acknowledgement of the pay slip, the management has no proper documentation to ascertain that salary has been received by and paid to the staff of the Project.

Recommendation:

We recommend that the pay slip should be signed by staff as acknowledgement when salary has been received.

Management's response:

The salary is directly paid by bank transfer into employees account based on staff earning. CCIM does not prepare and give pay slips to staff to sign because the payroll list is certified by bank as evidence to show salary has been received. In the certified list, it shows the information such as account name, account number and amount transferred to individual bank account.

C. CAMBODIAN CENTER FOR INDEPENDENT MEDIA (Continued)

2. TAXATION

Observation:

While reviewing compliance with the Law on Taxation, we found that the Project did not withhold tax on salaries for further remittance to the Tax Authorities.

Implication:

Failure to comply with the Law on Taxation may be subject the Project to penalties from the Tax Authorities.

Recommendation:

The Project should review its taxation policy to ensure that it is compliant with the Cambodian Law on Taxation.

Management's response:

Agree. CCIM also considers to apply it.
The government is reviewing NGO law. CCIM will implement it after NGO law is adopted.

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D. COALITION FOR INTEGRITY AND SOCIAL ACCOUNTABILITY

1. ACCOUNTING NARRATION

Observation:

During our audit, we noted that narrations in the journal entries were in certain cases not clear and did not reflect the substance of the accounting transactions.

Account Name	Date	Ref.	Description	Amount
Stationery/office expense	05/02/2013	P013-041	Clear from Advance on 30-04-2013 (all of this item take budget from April)	\$16.40
Internet & E-mail	05/22/2013	P013-054	Advance Clear from A17	\$20.00
	06/25/2013	P013-063	Advance Clear for Office Rental, Internet, Utilities for June	\$20.00
Conduct Steering Committee Meet	02/27/2013	P013-014	Advance clear from Steering Committee Meeting	\$74.50
	05/09/2013	P013-048	Advance Clear from conduct meeting steering committee meeting	\$50.75
	07/02/2013	P013-071	Advance Clears for Conduct Steering Committee Meeting on 02-07-203	\$56.50

Implication:

Comprehensive accounting information cannot be gauged without full review of the supporting documents as accurate narrations are not provided. Therefore, any subsequent review of the ledger will be time consuming.

Recommendation:

Detailed and accurate accounting narrations should be given to the best possible extent.

Management's response:

Agree, we will improve it from January 2014.