



**ម៉ូរីសុន កាក & អាស៊ុន្យេ**  
**Morison Kak & Associés**

Certified Public Accountants, Cambodia

## **TRANSPARENCY INTERNATIONAL CAMBODIA**

(Established in Cambodia)

### **MANAGEMENT LETTER**

**For the period from 01 October 2014 to 31 December 2015**

**(FOR MANAGEMENT PURPOSES ONLY)**

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22 February 2016

To: Mr. Preap Kol  
Transparency International Cambodia  
No. 3, Street 390  
Khan Chamkarmon  
Phnom Penh

Dear Sir,

**Management Letter for the the period from 01 October 2014 to 31 December 2015**


In connection with our audit of the Statement of Fund Receipts and Disbursements (the “financial statement”) of Transparency International Cambodia (the “Organization”) for the period from 01 October 2014 to 31 December 2015, we reviewed certain aspects of the Organization 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 Organization 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 19 February 2016. Management written comments were received on 22 February 2016. 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 Organization during the course of our audit.

Yours faithfully,

**Morison Kak & Associés**  
Certified Public Accountants  
Statutory Auditors

  
Saksom Meas  
Managing Partner



# TRANSPARENCY INTERNATIONAL CAMBODIA

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**TRANSPARENCY INTERNATIONAL CAMBODIA**

**MANAGEMENT LETTER**

**For the period from 01 October 2014 to 31 December 2015**

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The following weaknesses were identified during the course of our audit for the period from 01 October 2014 to 31 December 2015.

**A. TRANSPARENCY INTERNATIONAL CAMBODIA**

No major issue has been found during this reporting period.

**B. COALITION FOR INTEGRITY AND SOCIAL ACCOUNTABILITY**

**1. MATERIAL LIST**

**Observation:**

During the course of our audit, we noted that the Project has bought T-shirts for distribution to the beneficiaries during anti-corruption day activity. However, there is no signed list of recipients to confirm that all these T-shirts have been duly received.

**Implication:**

There is a risk that not all the T-shirts have reached their intended targets.

**Recommendation:**

The Project should obtain acknowledgement of receipts from the recipients to ascertain that all the T-shirts have reached their intended beneficiaries.

**Management's response:**

CISA accepts this point for improvement in the next project.

**Risk level:**

Medium

**TRANSPARENCY INTERNATIONAL CAMBODIA**

**MANAGEMENT LETTER**

**For the period from 01 October 2014 to 31 December 2015**

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**C. CAMBODIAN CENTER FOR INDEPENDENT MEDIA**

No major issue has been found during this reporting period.

**TRANSPARENCY INTERNATIONAL CAMBODIA**

**MANAGEMENT LETTER**

**For the period from 01 October 2014 to 31 December 2015**

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**D. CAMBODIAN CIVIL SOCIETY PARTNERSHIP**

No major issue has been found during this reporting period.



**TRANSPARENCY INTERNATIONAL CAMBODIA**

**MANAGEMENT LETTER**

**For the period from 01 October 2014 to 31 December 2015**

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**E. WOMEN'S MEDIA CENTRE OF CAMBODIA**

No major issue has been found during this reporting period.



TRANSPARENCY INTERNATIONAL CAMBODIA

MANAGEMENT LETTER

For the period from 01 October 2014 to 31 December 2015

II. FOLLOW-UP REVIEW OF PREVIOUS AUDIT FINDINGS

The following matrix provides a summary of the actions that have been taken on the recommendations of the previous reporting periods.

Previous recommendations	Previous Management comments	Status	Management comments
<p><b><u>CAMBODIAN CENTER FOR INDEPENDENT MEDIA</u></b></p> <p><b>1. PAYSLEIPS</b></p> <p>We recommend that the pay slip should be signed by staff as acknowledgement when salary has been received.</p> <p><b>Risk level: low</b></p>	<p><b>Year ended 30 September 2013:</b></p> <p>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.</p> <p><b>Year ended 30 September 2014:</b></p> <p>In the case of staff gets salary via bank transfer, the Pay slip signed by staff is only double paper and work, so CCIM still considers the payroll list is certified by bank as proper evidence to ascertain that salary has been received by staff.</p> <p>In addition to the bank certified payroll list, each staff has the table of detailed salary, other benefit and deduction description to verify earned amount.</p> <p>In case of staff gets salary via cash or cheque CCIM prepared Pay slip for staff signed as acknowledgement when salary has been received.</p>	<p>Outstanding.</p>	<p>The payslip has been used and signed monthly by staff since August 2015.</p>

TRANSPARENCY INTERNATIONAL CAMBODIA

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II. FOLLOW-UP REVIEW OF PREVIOUS AUDIT FINDINGS (Continued)

Previous recommendations	Previous Management comments	Status	Management comments
<p><b><u>CAMBODIAN CENTER FOR INDEPENDENT MEDIA</u></b></p> <p><b>2. TAXATION</b></p> <p>The Project should review its taxation policy to ensure that it is compliant with the Cambodian Law on Taxation.</p> <p><b>Risk level:</b> Medium</p>	<p><b>Year ended 30 September 2013:</b></p> <p>Agree. CCIM also considers to apply it. The government is reviewing NGO law. CCIM will implement it after NGO law is adopted.</p> <p><b>Year ended 30 September 2014:</b></p> <p>Although, CCIM failed to register with the tax department last year, CCIM has agreed that TI Cambodia treated the amount committed for salary as consultancy so that TI Cambodia was able to deduct and withhold the tax amount monthly according to the consultancy rate and pay to the tax department in the following month. However, CCIM's management is committed to pay salary tax from October, 2014 and CCIM assigned one staff to contact Tax Department to register Taxpayer Identification Number.</p>	<p>Outstanding.</p>	<p>The salary tax has been withheld and paid to Tax Department since July 2015 following the registration which was accepted by the Tax Department in same month.</p>

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For the period from 01 October 2014 to 31 December 2015

II. FOLLOW-UP REVIEW OF PREVIOUS AUDIT FINDINGS (Continued)

Previous recommendations	Previous Management comments	Status	Management comments
<p><b><u>COALITION FOR INTEGRITY AND SOCIAL ACCOUNTABILITY</u></b></p> <p><b>1. EXPENSE SUMMARY SHEET</b></p> <p>We recommend the use of a summary expense sheet on top of all detailed expense documents.</p>	<p><b>Year ended 30 September 2014:</b></p> <p>The Coalition for Integrity and Social Accountability (CISA) has been done summary expense sheet but we didn't use reference N° to all detailed expense summary list. Then CISA commits to do the summary list with reference number for the next project.</p>	<p>Implemented.</p>	
<p><b><u>WOMEN'S MEDIA CENTRE OF CAMBODIA</u></b></p> <p><b>1. TAXATION</b></p> <p>The Project should ensure full compliance with all taxation requirements to avoid being penalised by the Tax authorities.</p>	<p><b>Year ended 30 September 2014:</b></p> <p>WMC agrees with the recommendation, and of course it is already considered. Also, WMC will implement starting from 2015 onward.</p>	<p>Implemented.</p>	

