

**TRANSPARENCY INTERNATIONAL CAMBODIA**

(Established in Cambodia)

**MANAGEMENT LETTER**

**For the year ended 30 September 2014**

**(FOR MANAGEMENT PURPOSES ONLY)**



ម៉ូរីសុង កាក់ & អាស៊ីស្យែ  
**Morison Kak & Associés**

Certified Public Accountants, Cambodia

15 December 2014

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

Dear Sir,

**Management Letter for the year ended 30 September 2014**

In connection with our audit of the Statement of Fund Receipts and Disbursements (the "financial statement") of Transparency International Cambodia (the "Organization") for the year ended 30 September 2014, 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 26 November 2014. Management written comments were received on 26 December 2014. 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



An independent member of

**Morison International**

**A Global Association of Independent Professional Firms**

No 25, STREET 360, (opposite Apsara TV Station), SANGKAT BOENG KENG KANG 1  
CHAMCARMON, PHNOM PENH, CAMBODIA - TEL: +855 23 218 994 - FAX: +855 23 218 993  
Email: mka.audit@morisonkak.com - mka.management@morisonkak.com - Website: www.morisonkak.com

# TRANSPARENCY INTERNATIONAL CAMBODIA

## CONTENT

---

	Page
<b>I. CONDITION IDENTIFIED DURING THE CURRENT AUDIT</b>	
<b>A. TRANSPARENCY INTERNATIONAL CAMBODIA</b>	1
<b>B. ANTI-CORRUPTION UNIT</b>	2
<b>C. CAMBODIAN CENTER FOR INDEPENDENT MEDIA</b>	3
<b>D. COALITION FOR INTEGRITY AND SOCIAL ACCOUNTABILITY</b>	
1. Expense summary sheet	4
<b>E. CAMBODIAN CIVIL SOCIETY PARTNERSHIP</b>	5
<b>F. WOMEN'S MEDIA CENTRE OF CAMBODIA</b>	
1. Taxation	6
<b>II. FOLLOW-UP REVIEW OF PREVIOUS AUDIT FINDINGS</b>	7 - 10

**TRANSPARENCY INTERNATIONAL CAMBODIA**

**MANAGEMENT LETTER**

**For the year ended 30 September 2014**

---

The following weaknesses were identified during the course of our audit for the year ended 30 September 2014.

**A. TRANSPARENCY INTERNATIONAL CAMBODIA**

No major issue has been found during this reporting period.

**B. ANTI-CORRUPTION UNIT**

No major issue has been found during this reporting period.



**C. CAMBODIAN CENTER FOR INDEPENDENT MEDIA**

No major issue has been found during this reporting period.

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

**1. EXPENSE SUMMARY SHEET**

**Observation:**

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

**Implication:**

It will be time consuming when the need to review the accounting data arises.

**Recommendation:**

We recommend the use of a summary expense sheet on top of all detailed expense documents.

**Management's response:**

The Coalition for Integrity and Social Accountability (CISA) has been done summary expense sheet but we didn't use reference N<sup>o</sup> to all detailed expense summary list. Then CISA commits to do the summary list with reference number for the next project.

**E. CAMBODIAN CIVIL SOCIETY PARTNERSHIP**

No major issue has been found during this reporting period.



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

**1. TAXATION**

**Observation:**

While reviewing compliance with the Law on Taxation, we found that the Project did not fully comply with the Law on Taxation such as health allowance that was not included as part of staff salary for tax calculation and paid to the Tax authorities.

**Implication:**

Failure to comply with the Law on Taxation may be subject the Project to penalties imposed by the Tax authorities.

**Recommendation:**

The Project should ensure full compliance with all taxation requirements to avoid being penalised by the Tax authorities.

**Management's response:**

WMC agrees with the recommendation, and of course it is already considered. Also, WMC will implement starting from 2015 onward.

## TRANSPARENCY INTERNATIONAL CAMBODIA

### MANAGEMENT LETTER

For the year ended 30 September 2014

## 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
<u><b>TRANSPARENCY INTERNATIONAL CAMBODIA</b></u>  <b>1. EXPENSE SUMMARY SHEET</b>  We recommend the use of a summary expense sheet to recap the details of all expense documents.	<b>Year ended 30 September 2013:</b>  Agreed, we have already improved the voucher system since the very beginning of the new fiscal year 2013.	Implemented.	
<u><b>ANTI-CORRUPTION UNIT</b></u>  <b>1. FIXED ASSET CODING</b>  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 asset in all cases.	<b>Year ended 30 September 2013:</b>  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.	Implemented.	

## MANAGEMENT LETTER

For the year ended 30 September 2014

## 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>1. PAYSLIPS</b></p> <p>We recommend that the pay slip should be signed by staff as acknowledgement when salary has been received.</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>	Outstanding.	<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>



## MANAGEMENT LETTER

For the year ended 30 September 2014

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

Previous recommendations	Previous Management comments	Status	Management comments
<b>2. TAXATION</b>  The Project should review its taxation policy to ensure that it is compliant with the Cambodian Law on Taxation.	<b>Year ended 30 September 2013:</b>  Agree. CCIM also considers to apply it. The government is reviewing NGO law. CCIM will implement it after NGO law is adopted.	Outstanding.	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.

TRANSPARENCY INTERNATIONAL CAMBODIA

MANAGEMENT LETTER

For the year ended 30 September 2014

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

Previous recommendations	Previous Management comments	Status	Management comments
<u>COALITION FOR INTEGRITY AND SOCIAL ACCOUNTABILITY</u>  1. ACCOUNTING NARRATION  Detailed and accurate accounting narrations should be given to the best possible extent.	Year ended 30 September 2013:  Agree, we will improve it from January 2014.	Implemented.	