



**TRANSPARENCY INTERNATIONAL
CAMBODIA**

**Management Letter
for the year ended 31 December 2022**



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6 March 2023

Dear Sir,

Management Letter – Audit for the year ended 31 December 2022

We have audited in accordance with Cambodian International Standards on Auditing the financial statements of Transparency International Cambodia for the year ended 31 December 2022, and have issued our report thereon dated 6 March 2023. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Organisation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organisation's internal control.

The maintenance of adequate control designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in the Organisation.



During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarised in the enclosed report.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Organisation gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The Organisation's written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Organisation's management, and others within the Organisation and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully,

For KPMG Cambodia Ltd


Taing YoukFong
Partner





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1. No proper documentation on deleted journal entries in accounting system

Observation

During our audit, we noted that 3 Journal Vouchers (FV2212180, FV2205082, and FV2205083) were removed directly from the accounting system resulted in Journal Vouchers (JVs) were not sequential number. The management informed us that the identified missing JVs were related to the incorrect accounting transactions being made into the accounting system initially, and subsequently were found out as errors/mistakes, the finance team then decided to remove their initial posting and reposted the correct transactions instead.

Implication

There is no audit trail for the missing JVs. This causes the Organisation may have difficulty in accounting for the completeness of the adjustments and reversals made. Subsequent verification of transactions may therefore be difficult, and the unnecessary timings might also be consumed.

Furthermore, there is an increased risk of unauthorised posting of removal transactions being made and not being detected on a timely basis.

Recommendation

Incorrected accounting transactions should be corrected by additional journal voucher rather than deleted/removed it directly from the accounting system. The reversal transactions shall be evidence of the review and approve in the form of journal voucher together with appropriate supporting documents.

Management's response

Action: We will improve from next year.

Responsible person: Mr. Try Sokha, Finance Manager

Timing: 2023