

Kingdom of Cambodia

Nation religion King



Strategic Audit Plan

2023-2025

Unofficial Translation



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Preface

Internal Audit Unit of **FSA** was established as the executive body of the Board of Non-Bank Financial Services Authority-**FSA** and the board director of **FSA** and responsible for Audit function to strengthen the internal control system of all units under **FSA** through monitoring professionally, ethically, independently, integrity and responsibly as well as to develop internal audit functions, and training **FSA** Officials related to internal audit functions. In order to fulfill its roles and responsibilities effectively, the Internal Audit Unit of **FSA** has developed the Internal Audit Unit of **FSA** Development Plan 2021-2025 which focus on four goals such as **goal number 1** is Organization and human resource development, **goal number 2** is the effectiveness and efficiency in Auditing, **goal number 3** is the mainstreaming of awareness and dissemination about Audit function to **FSA**'s officials and **goal number 4** is the expanding cooperation with relevant national and international institutions.

From the goals and main work activities that has been determined in the Internal Audit Unit of **FSA** Development Plan 2021-2025, the internal audit unit of **FSA** needs to prepare a strategic plan in addition to the **second goal**, the effectiveness and efficiency in Auditing which is an important goal in supporting the audit of the unit effectively and efficiently. Through this, the internal audit unit of **FSA** has developed the Strategic Audit Plan 2023-2025 that sets out six strategic goals, including: **1).** Establishing an audit regulatory framework for the non-banking financial sector, **2).** Carry out audits, **3).** Development of technical standards for auditing, **4).** Development of information technology systems for auditing, **5).** Enhancing auditor capacity, and **6).** Policies to increase flexibility.

The Internal Audit Strategic Plan 2023-2025 would detail work plans and specific annual results that the unit must implement annually from 2023 to 2025 to ensure the effectiveness and efficiency of auditing. This Strategic Audit Plan 2023-2025 will be the basic document for the officials at all levels of the Internal Audit Unit of **FSA** in accordance with the roles and responsibilities set out in the regulations in force, as well as to ensure the achievement of the second goal set out in the Internal Audit Unit of **FSA** Development Plan 2021-2025 effectively and efficiently.

Finally, on behalf of the **FSA** board and myself, I appreciate the strong efforts of the Internal Audit Unit of **FSA** to successfully develop the Strategic Audit Plan 2023-2025 with a high responsibility. I express my gratitude to **His Excellency Ros Silva**, Secretary of State of the Ministry of Economy and Finance and Vice Chairman of the **FSA** and **His Excellency Mey Van**, Secretary of State of the Ministry of Economy and Finance and Secretary General of the General of **FSA** and all technical task force of Internal Audit Unit of **FSA**. In particular, **His Excellency Chhun Sambath**, the Head of Unit of Internal Audit Unit of **FSA** for leading and directing the Internal

Audit Unit of **FSA** team work to successfully develop Internal Audit Strategic Plan 2023-2025 and also **FSA** technical task force and stakeholders for their contribution in providing input to this important document and hereby I announce the launch of the “Strategic Audit Plan 2023-2025”

Date
Phnom Penh,

Deputy Prime Minister of Economy and Finance
The chairman of Board director of Financial Services Authority
Akak Bandith Saphear Char AUNPONMONIROTH

Unofficial Translation

1. Introduction

According to Sub-Decree No. 113, dated 14 July 2021 on the Organization and Functioning of the Non-Banking Financial Services Authority, Internal Audit Unit-**IAU** was established as the executive body of the Board of Non-Bank Financial Services Authority-**FSA** and the board director of **FSA** and responsible for Audit function to strengthen the internal control system of all units under **FSA** through monitoring professionally, ethically, independently, integrity and responsibly as well as to develop internal audit functions, and training **FSA** Officials related to internal audit functions.

In order to fulfill its roles and responsibilities effectively In accordance with the law, the **IAU** has developed the Strategic Audit Plan 2023-2025 which focus on four goals, including goal number1 is to build human resource institutions and governance, goal number2 is the efficiency and effectiveness of the audit, goal number3 is to integrate awareness and disseminate about Audit function to **FSA**'s officials, and goal number4, strengthening and expanding national and international cooperation, as well as priority activities to be implemented within 5 years (2021-2025).

From the goals and main work activities that has been determined in the Internal Audit Unit of **FSA** Development Plan 2021-2025, the **IAU** needs to prepare a strategic plan in addition to the **goal number 2**, the effectiveness and efficiency in Auditing which is an important goal in supporting the audit of the unit effectively and efficiently. Through this, the **IAU** has developed the Strategic Audit Plan 2023-2025 that sets out six strategic goals, including: **1).** Establishing an audit regulatory framework for the non-banking financial sector, **2).** the implementation of audit, **3).** Development of technical standards for auditing, **4).** Development of information technology systems for auditing, **5).** Enhancing auditor capacity, and **6).** Policies to increase flexibility.

The Strategic Audit Plan 2023-2025 will detail work activities in accordance with the six strategic goals, including: **1).** the preparation of the audit regulatory framework of the non-banking financial sector, **2).** the implementation of audit, **3).** Development of technical standards for auditing, **4).** Development of information technology systems for auditing, **5).** Enhancing auditor capacity, and **6).** Policies to increase flexibility. This Strategic Audit Plan 2023-2025 will be used as an important means to implement and measure the work efficiency set by the unit.

2. Institutional Development

2.1. Structure

Refer to the provision of Prakas no. 009 **FSA/PK** on October 1 2021, on the **conduct of departments under Internal Audit Unit of FSA** stipulate that the structure of the Internal Audit

Unit of **FSA** has divided into three departments including General Affairs Department, Audit Department 1, and Audit Department 2, in which each department shall have divisions as follow:

A. General Affairs Department composed of 3 (three) divisions including:

- Administration and Finance Division
- Planning and Training Division
- Information Technology Management Division.

B. Audit Department 1 composed of 2 (two) divisions including:

- Audit Division 1
- Audit Division 2.

C. Audit Department 2 composed of 2 (two) divisions including:

- Audit Division 3
- Audit Division 4.

2.2 Human Resource

Currently, the Internal Audit Unit has a total of 36 officials, including 25 males, 11 females, 1 female official has been suspended without salary and 1 male official has been transfer out. The officials of the Internal Audit Unit have 20 postgraduate degrees and 16 graduate degrees, including 11 civil servants and 25 statute officials.

The Internal Audit Unit consists of 1 Head of Internal audit unit, 2 Deputy Head of Internal audit unit and 3 Heads of Departments. The General Affairs Department has 14 statute officials, the Audit Department 1 has 10 statute officials and Audit Department 2 has 10 statute officials.

3. Vision Purpose and Objective

3.1 Vision

Internal Audit Unit becomes a highly competent and professional unit to support and contribute to the mission of the Non-Bank Financial Services Authority to ensure effectiveness, efficiency, transparency, and accountability of the units under **FSA**'s operations.

3.2 Purpose

Internal Audit Unit serves as executive body of the board director of **FSA** and the chairman of the board for the audit function to strengthen the internal control system of units under **FSA** through monitoring and controlling professionally, ethically, independently, integrity and responsibly as well as to develop internal audit functions, and training for **FSA** officials related to internal audit functions.

3.3 Objective

In order to ensure the efficiency and effectiveness of the audit, the Internal Audit Unit of **FSA** has set out the following main strategic goals as follow:

- the preparation of the audit regulatory framework of the non-banking financial sector,
- the implementation of the audit,
- Development of technical standards for auditing,
- Development of information technology systems to serve the audit,
- Increase the capacity of auditors
- Policies to increase flexibility.

4. Challenges and Solutions

4.1. Challenges

In accordance with the work activities that the Internal Audit Unit of FSA has set out for implementation in 2022, the Internal Audit Unit of FSA has implemented and achieved the results completely in accordance with the set goals. In line with the achievement of proud results, the Internal Audit Unit of FSA has also faced several significant challenges, which require the Internal Audit Unit of FSA to develop a strategic audit plan in response. To the challenges that have arisen, including the following:

- **Lack of regulations and technical standards in the performance:** The Internal Audit Unit of FSA has started without all the regulations and standards for performing the work. With the enormous mission that the Internal Audit unit of FSA has set out, it requires the organization to develop several work regulations and technical standards to ensure the appropriateness of audit work. In addition, as a new unit and limited human resources, the Internal Audit unit of FSA encounters several issues that require professional officers to allocate time to prepare work regulations and technical standards and to carry out audit work.

- **Lack of information technology systems to support performance:** The Internal Audit Unit does not have the appropriate information technology system to meet the needs of the operations. Internal Audit Unit of FSA needs the developments on database, backup System, analysis software, and software for preparing audit reports.

- **Capacity, skills and experience of auditors are still limited:** The auditor in charge does not have sufficient skills and experience related to the audit work, which in turn requires the auditor in charge to need additional guidance and training from the management and experts on the process in the performance.

- **There is no policy to ensure flexibility performance:** Through the past performance, it was found that the auditors of the Internal Audit Unit of FSA performed their duties in accordance with the Prakas on Professional Ethics, but the Internal Audit Unit of FSA also encountered problems. Some challenges also involve the lack of full cooperation, both in terms of providing relevant documents and in terms of responding to audit results. Through this, to ensure high efficiency and good cooperation

between the auditors in charge and the units under FSA requires the Internal Audit Unit of FSA to develop a policy framework to increase flexibility and increase relations with stakeholders.

4.2.Solutions

Starting from the above challenges as a solution, the Internal Audit Unit of FSA has set out the six strategic goals as follow:

- **Establishment of an audit regulatory framework for the non-banking financial services authority:** The Internal Audit Unit of FSA must prepare and develop the Strategic Audit Plan 2023-2025 as a compass to implement the work of the unit with effectiveness and efficiency and on time.

- **Implementation of audit:** The internal audit unit of FSA shall include a strategy for conducting the audit, determining the type of audit that all the units under FSA shall conduct and the specific stages of the audit.

- **Development of technical standards for auditing:** The Internal Audit Unit of FSA shall incorporate strategies in developing and developing technical standards for the performance of the audit work, setting out a specific regulatory framework and timeline for implementation.

- **Development of information technology systems for auditing:** The Internal Audit Unit of FSA shall incorporate strategies in the development of information technology systems that serve the performance of the audit work by determining the software system to be prepared and the specific time for implementation.

- **Auditors capacity building:** The Internal Audit Unit of FSA shall include work programs, training and awareness workshops to ensure the promotion of knowledge of the officials of the Internal Audit Unit of FSA.

- **Flexibility policy:** The Internal Audit Unit should include the development of a policy framework to increase flexibility and connection with stakeholders.

5. Audit Strategic Plan 2023-2025

The Internal Audit Unit has organized detailed work activities from 2023 to 2025 on six goals, including: **1).** The preparation of the audit regulatory framework of the non-banking financial sector, **2).** Implementation of audit, **3).** Development of technical standards for auditing, **4).** Development of information technology system for auditing, **5).** Enhancing auditor capacity and **6).** Flexibility by defining the departments that are responsible for carrying out each specific task, as detailed in the table below:

| No. | Activities | Time Frame | | | Departments in charge |
|----------|--|--|--|--|--|
| | | 2023 | 2024 | 2025 | |
| 1 | Establishment of an audit regulatory framework for the non-banking financial sector | | | | |
| 1.1 | Audit strategic plan | -Prepare to implement the Strategic Audit Plan 2023-2025 | | -Evaluate and improve the audit strategic plan -Prepare to implement the Strategic Audit Plan 2026-2028 | General Affairs Department Audit Department 1 Audit Department 2 |
| 2 | Implementing of audit | | | | |
| 2.1 | Understanding internal control of units under FSA | -Understanding about compliance, operation and finance | -Understanding about compliance, operation finance, and human resource | -Understanding about compliance, operation finance, human resource and internal rules. | Audit Department 1 Audit Department 2 |

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| 2.2 | Preparing audit plan | -Prepare to implement the 2023 audit plan | - Prepare to implement the 2024 audit plan | - Prepare to implement the 2025 audit plan | Audit Department 1 Audit Department 2 |
| 2.3 | Auditing | -Compliance auditing -Operational auditing | -Compliance auditing -Operational auditing -Financial auditing | -Compliance auditing -Operation auditing -Financial auditing -Human Resource auditing | Audit Department 1 Audit Department 2 |
| 2.4 | Implementation Audit Recommendations plan | -Develop plan to monitor the implementation of the 2023 audit recommendations | -Develop plan to monitor the implementation of the 2024 audit recommendations | -Develop plan to monitor the implementation of the 2025 audit recommendations | Audit Department 1 Audit Department 2 |
| 2.5 | Monitoring the implementation of audit recommendations | -Monitor the implementation of compliance audit recommendations | -Monitor the implementation of compliance and operation audit recommendations | -Monitor the implementation of compliance, operation and financial audit recommendations | Audit Department 1 Audit Department 2 |
| 2.6 | Following up | | - Follow up on revenue, expenses, use of contribution | - Follow up on revenue, expenses, use of contribution | General Affairs Department Audit Department 1 |

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| | | | and one window service | and one window service | Audit Department 2 |
| 2.7 | Regular Audit | | | - Understanding about framework of regular audit | General Affairs Department Audit Department 1 Audit Department 2 |
| 2.8 | Unannounced audit | -Understanding about national regulations for unannounced audit | -Understanding about international regulations for unannounced audit | -Prepare and implement the regulatory framework related to the unannounced audit | General Affairs Department Audit Department 1 Audit Department 2 |
| 3 | Development of technical standards for auditing | | | | |
| 3.1 | The excellence of working performance | -Prepare and implement the excellence on operational management | -Prepare and implement the excellence on financial management -Evaluate and improve compliance management excellence | -Prepare and implement the excellence on financial management -Evaluate and improve compliance management excellence | General Affairs Department Audit Department 1 Audit Department 2 |

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| 3.2 | Compile regulation related to internal audit | - Collect and compile audit regulations - Study on audit technique, data analysis technique and audit quality. | - Collect and compile audit regulations - Study and prepare audit technique | - Collect and compile audit regulations - Study and prepare audit technique - Prepare to implement the audit manual | General Affairs Department Audit Department 1 Audit Department 2 |
| 3.3 | Audit Guidelines | - Prepare and implement guideline on operational audit | - Prepare and implement guideline on financial audit | - Prepare and implement guideline on human resource audit | General Affairs Department Audit Department 1 Audit Department 2 |
| 3.4 | Circular Audit | - Prepare and implement the circular on mechanism and procedure on operational audit | - Prepare and implement the circular on mechanism and procedure on financial audit | - Prepare and implement the circular on mechanism and procedure on human resource audit | General Affairs Department Audit Department 1 Audit Department 2 |
| 3.5 | Circular for preparing the audit report | - Prepare and implement circular for preparing the operational audit report | - Prepare and implement circular for preparing the financial audit report | - Prepare and implement circular for preparing the human resource audit report | General Affairs Department Audit Department 1 Audit Department 2 |

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| 3.6 | Circular on mechanisms and procedures for monitoring the implementation of audit recommendations | - Prepare and implement circular on mechanisms and procedures for monitoring the implementation of operational audit recommendations | - Prepare and implement circular on mechanisms and procedures for monitoring the implementation of financial audit recommendations | - Prepare and implement circular on mechanisms and procedures for monitoring the implementation of human resource audit recommendations | General Affairs Department Audit Department 1 Audit Department 2 |
| 3.7 | Circular on preparing audit follow up recommendation report | - Prepare and implement a report form to monitor the implementation of operational audit recommendations | - Prepare and implement a report form to monitor the implementation of financial audit | - Prepare and implement a report form to monitor the implementation of human resource audit | General Affairs Department Audit Department 1 Audit Department 2 |
| 3.8 | Audit Review Guideline | - Prepare and implement Audit Review Guideline | | | General Affairs Department Audit Department 1 Audit Department 2 |
| 3.9 | Circular on mechanisms and procedures of Audit Review | -Prepare and implement circular on mechanisms and | | | General Affairs Department Audit Department 1 Audit Department 2 |

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| | | procedures of Audit Review | | | |
| 3.10 | Form of audit review report | - Prepare and implement Form of audit review report | | | General Affairs Department Audit Department 1 Audit Department 2 |
| 4 | Development of information technology system for audit | | | | |
| 4.1 | Data saver and data recovery software for audit | -Prepare and implement data saver and data recovery software for audit work | -Prepare, evaluate, and maintain data saver and data recovery software for audit work | -Reform data saver and data recovery software for audit work | General Affairs Department Audit Department 1 Audit Department 2 |
| 4.2 | Software for preparing audit reports | -Prepare and implement Software for preparing audit reports | -Upgrade the Software for preparing audit reports | -Upgrade the Software for preparing audit reports | General Affairs Department Audit Department 1 Audit Department 2 |
| 4.3 | Techniques and technologies to facilitate the audit of information technology systems | -Conduct the demand on technologies to facilitate the audit of information technology systems | -Conduct the demand on techniques and technologies to facilitate the audit of information technology systems | -Prepare, evaluate, and improve audit data analysis software | General Affairs Department Audit Department 1 Audit Department 2 |

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| 4.4 | Audit Data Analysis Software | -Acquire the needs of audit data analysis software | -Install Audit Data Analysis Software | -Acquire about the framework for conducting audits on information technology systems | General Affairs Department Audit Department 1 Audit Department 2 |
| 4.5 | Evaluate and control the quality of audit | -Acquire audit evaluation and quality control -Establish Audit Quality Assessment and Control Committee | -Prepare, evaluate, and control the quality of audit | -Prepare, evaluate, and control the quality of audit | General Affairs Department Audit Department 1 Audit Department 2 |
| 5 | Auditors ' capacity Building | | | | |
| 5.1 | Arrange program and provide training through the audit routes | -At least 20 auditors attend the 4- times internal training on audit routes | -At least 20 auditors attend the 4- times internal training on audit routes | -At least 20 auditors attend the 4- times internal training on audit routes | General Affairs Department Audit Department 1 Audit Department 2 |
| 5.2 | Provide On-site training at general department of internal audit of MEF | -At least 5 auditors attend on-site training at general department of internal audit of MEF | - At least 5 auditors attend on-site training at general department of internal audit of MEF | | General Affairs Department Audit Department 1 Audit Department 2 |

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| 5.3 | Provide On-site training at anti-corruption unit | -At least 3 auditors attend on-site training at anti-corruption unit | -At least 3 auditors attend on-site training at anti-corruption unit | -At least 3 auditors attend on-site training at anti-corruption unit | General Affairs Department Audit Department 1 Audit Department 2 |
| 5.4 | Participation in training courses and workshops with local and international partners | -At least 1 auditor attend in training courses and workshops with local and international partners | -At least 1 auditor attend in training courses and workshops with local and international partners | -At least 1 auditor attend in training courses and workshops with local and international partners | General Affairs Department Audit Department 1 Audit Department 2 |
| 5.5 | Participation in the Cambodian Professional Accountants (CPA) program at the request of the Accounting and Auditing Regulator | | -At least 3 auditors attend in Cambodian Professional Accountants (CPA) program | -At least 3 auditors attend in Cambodian Professional Accountants (CPA) program | General Affairs Department Audit Department 1 Audit Department 2 |
| 5.6 | Participation in the Cambodian Professional Accountant Program in collaboration with CamEd Institute | | | At least 3 auditors attend in the Cambodian Professional Accountant Program | General Affairs Department Audit Department 1 Audit Department 2 |

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| 5.7 | Participate in training courses organized by units under FSA | -At least 03 auditors attend in the training | -At least 03 auditors attend in the training | -At least 03 auditors attend in the training | General Affairs Department Audit Department 1 Audit Department 2 |
| 6 | Promoting flexibility | | | | |
| 6.1 | Policies on flexibility and communication improvement with stakeholders | -Conduct on framework of Policies on flexibility and communication improvement with stakeholders | -Prepare and implement framework of Policies on flexibility and communication improvement with stakeholders | -Prepare the evaluation of the policy | General Affairs Department Audit Department 1 Audit Department 2 |

6. Following-up and monitoring on implementation of the action plan

The Internal Audit Unit has established a clear mechanism for regular monitoring, reporting and evaluation of the implementation of the annual audit strategic plan in order to ensure that the plan is achieved.

Regardless of monitoring and following-up the implementation of reporting, each department and division shall prepare monthly, quarterly, and annual reports.

In evaluating the results of the implementation of the audit strategic plan, The Deputy Chief of the unit in charge shall chair the meeting to review the progress of the work and summarize the monthly results report. The Chairman of the Internal Audit Unit shall chair the meeting to review the progress of the work and summarize the quarterly results report. Monitoring and evaluation of annual performance shall be conducted by the board of the **FSA**.

7. Conclusion

This Strategic Audit Plan 2023-2025 is used as a basis for the performance of the staff at all levels of the Internal Audit Unit in accordance with the roles and responsibilities prescribed in the regulations in force. The Strategic Audit Plan 2023-2025 will be a tool used by the Internal Audit Unit to make the Internal Audit Unit of **FSA** Development Plan 2021-2025 successful. The successful implementation of the Strategic Audit Plan 2023-2025 requires joint efforts and close cooperation between the Internal Audit Unit of **FSA** and all units under **FSA**, and all stakeholders.