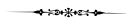


**KINGDOM OF CAMBODIA**

**Nation Religion King**



**Non-bank Financial Services Authority**

**No. 001 F.S.A. Circular**

**CIRCULAR**

**On**

**MECHANISM AND PROCEDURE OF COMPLIANCE AUDIT OF INTERNAL  
AUDIT UNIT OF NON-BANK FINANCIAL SERVICES AUTHORITY**



- The Royal Kram No. NS/RKM/0121/003 on 16 January 2021 Promulgating the Law on the Conduct of Non-Bank Financial Services Authority;
- The Royal Kram No. NS/RKM/1206/035 on 29 December 2006 Promulgating the Law on Finance for Management of Fiscal Year 2007.
- The Royal Kram No. NS/RKM/1007/028 on 19 October 2007 Promulgating the Law on the Issuance and Trading of Non-Government Securities
- The Royal Kram No. NS/RKM/0814/021 on 04 August 2014 Promulgating the Law on Insurance;
- The Royal Kram No. NS/RKM/0416/006 on 11 April 2006 Promulgating the Law on Accounting and Auditing;
- The Royal Kram No. NS/RKM/0119/018 on 02 January 2019 Promulgating the Law on Trust;
- The Royal Kram No. NS/RKM/1119/018 on 02 November 2019 Promulgating the Law on Social Security Schemes;

- The Sub-Degree No. 113 SD.PK on 14 July 2021 on the Conduct of Units under Non-Bank Financial Services Authority;
- The Sub-Degree No. 40 SD.PK on 15 February 2005 on Organization and Functioning of Internal Audit in Institutions, Ministries and Public Enterprises;
- The Prakas No. 009 FSA.PK on 01 October 2021 on the Conduct of Departments under Internal Audit Unit of Non-Bank Financial Services Authority;
- According to the need of the Internal Audit Unit of Non-bank Financial Services Authority.

To ensure the effectiveness and efficiency of compliance audit of Internal Audit Unit of Non-bank Financial Services Authority (**FSA**). **FSA** set out the mechanism and procedure of compliance audit as following:

**1. Appointing persons in charge of units under FSA to coordinate audit work**

The units under **FSA** shall appoint at least one person to coordinate the audit work, who is an official that has right to provide answers, information and opinion on behalf of the unit. The person in charge has roles and responsibilities to coordinate audit work with the Internal Audit Unit of **FSA** to facilitate in the data collection process as well as to ease in communication between the Internal Audit Unit of **FSA** and the units under **FSA**.

The units under **FSA** shall provide the name, position, phone number and other contact information of the person in charge to the Internal Audit Unit of **FSA**.

In case of change, the units under **FSA** shall notify the Internal Audit Unit of **FSA** in offically written form at least 15 days after the date of change.

**2. The fact finding of the internal control environment of units under FSA**

To ensure the effectiveness and efficiency of compliance audit process, the Internal Audit Unit of **FSA** shall undertake the fact finding of the internal control environment of the units under

**FSA** to identify the risks, challenges and other problems which would be primarily used to determine the topic for the audit plan.

The person in charge of units under **FSA** shall facilitate the meeting between audit delegates of the Internal Audit Unit of **FSA** and the management team and officials of the units under **FSA**.

### **3. The audit plan**

The Internal Audit Unit of **FSA** shall prepare the annual audit plan by determining the audit topic, audit criteria which would be used to evaluate each audit topic, objectives, scope, limitation of audit and risks that may prevent auditors from finding non-compliance of units under **FSA**. The Internal Audit Unit of **FSA** shall clearly specify the date from the data collection phase until the compliance audit report is produced.

The Internal Audit Unit of **FSA** shall provide the audit plan to the person in charge of units of **FSA** before executing the audit work.

The person in charge of units under **FSA** could request to discuss further with the Internal Audit Unit of **FSA**'s representative on the timeframe which has been specified in the audit plan.

### **4. The data and information collection**

The Internal Audit Unit of **FSA** shall prepare a checklist based on the audit criteria which is related to the audit topics that have been determined for compliance audit.

The Internal Audit Unit of **FSA** shall provide the checklist to the person in charge of Unit under **FSA**. The person in charge of units under **FSA** shall cooperate in providing the documents as request in the checklist at the requested schedule.

### **5. The list of audit delegates and auditors in charge to the units under FSA**

The Internal Audit Unit of **FSA** shall prepare the list of delegation and auditor in charge who shall execute the compliance audit. The Internal Audit Unit of **FSA** shall send the list to the units under **FSA** before executing the audit work.

Units under **FSA** could request the Head of the Internal Audit Unit of **FSA** to change any members of audit delegation and auditor in charge with clear reasons within 7 days after receiving the list from the Internal Audit Unit of **FSA**.

#### **6. The data and information collecting**

Delegation and auditor in charge of each unit under **FSA** shall use the checklist to collect the data, information, explanation relevant to the audit topic. Delegation and auditor in charge of each unit under **FSA** shall specify the date, documents and reports in which the person in charge of each unit under **FSA** is required to supply to delegation and auditor in charge and any officials whom auditor in charge shall meet to gather data and information which would be used to evaluate the compliance of units under **FSA**. Delegation and auditor in charge of each unit under **FSA** must not request the units under **FSA** to supply any documents which are irrelevant to the audit topic.

Delegation and auditor in charge units under **FSA** shall provide the person in charge of units under **FSA** the schedule to collect the data and information from the units under **FSA**. If necessary, the person in charge of units under **FSA** could request delegation and auditor in charge to reschedule the schedule.

#### **7. Analyzing and evaluating**

Auditor in charge of each unit under **FSA** shall analyze and evaluate the compliance of units under **FSA** based on data and information collected in comparing with the audit criteria.

Auditor in charge of each unit under **FSA** shall prepare the report based on data and information collected and shall issue the conclusions by following the Compliance Audit Guideline of Internal Audit Unit of **FSA**.

Auditor in charge each unit under **FSA** shall submit the compliance audit report to the management team to review and approve before handing it over to a task force committee.

## **8. Reviewing and approving the report**

The Head of the Internal Audit Unit of **FSA** shall create the task force committee to review and approve the report prepared by auditor in charge of each unit under **FSA**.

The task force committee shall be led by the Head of the Internal Audit Unit of **FSA**, Deputy Head of the Internal Audit Unit of **FSA**, Director of department, Head of division and auditor in charge. The task force committee shall issue the opinion on auditor's conclusion related to the auditee's compliance based on the audit topics.

If the task force committee finds out that the auditor's conclusion is based on adequate data and information, the auditor in charge can proceed to the next procedure to prepare the compliance audit report. However, if it is found that the auditor's conclusion is not based on adequate data and information, the task force committee shall advise the auditor in charge to make further procedures.

## **9. Drafting the report**

The auditor in charge of each unit under **FSA** shall draft the report based on the task force committee's decision.

The auditor in charge of each unit under **FSA** shall request the task force committee to review and approve on the draft of report before sending to the units under **FSA** for comments.

The auditor in charge of each unit under **FSA** shall send the draft of report to the person in charge of units under **FSA** and give the units under **FSA** for 20 working days to provide the comments.

## **10. The discussion on the draft of report**

The auditor in charge of each unit under **FSA** shall make a schedule to discuss with the units under **FSA** on the draft of report if the units under **FSA** disagree with the findings.

The units under **FSA** shall provide documents, evidence and explanations to support the contradiction. The auditor in charge of each unit under **FSA** could process further procedures if needed.

#### **11. The reporting the result of the Auditor's discussion**

The auditor in charge of each unit under **FSA** shall prepare the report of result of the discussion with unit under **FSA** to the task force committee for review. The task force committee shall hold a meeting to evaluate the evidence and the auditor's conclusions regarding the findings.

#### **12. The Final Report**

The auditor in charge of each unit under **FSA** shall prepare the final report based on the task force committee's decision.

The auditor in charge of each unit under **FSA** shall use the compliance audit guidelines of the Internal Audit Unit of **FSA** in their conclusions. The auditor in charge of each unit under **FSA** shall use the Audit Report Form in accordance with compliance audit guidelines of the Internal Audit Unit of **FSA**.

The auditor in charge of each unit under **FSA** shall send the report to the Planning and Training division of the General Affairs Department of the Internal Audit Unit of **FSA** to proceed further.

#### **13. Reporting to the Chairman of FSA Board**

Planning and Training Division of the General Affairs Department of the Internal Audit Unit of **FSA** shall compile the report of the unit under **FSA** as prescribed form.

Internal Audit Unit of **FSA** shall prepare and submit the report to the chairman of **FSA** board. The Internal Audit Unit of **FSA** shall send the report to units under the **FSA** after getting approval from the chairman of **FSA** board.

General Secretariat, Head of Internal Audit Unit, Director General of Insurance Regulator of Cambodia, Director General of Securities and Exchange Regulator of Cambodia, Director General of Social Security Regulator, Director General of the Trust Regulator, Director General of Accounting and Auditing Regulator and Director General of Real Estate Business & Pawnshop Regulator shall effectively implement this circular from the date of signing.

Phnom Penh August 4, 2022

**Deputy Prime Minister**

**Minister of Economy and Finance**

**and the Chairman of the Board of Non-Bank**

**Financial Services Authority**

**Akak Bandith Saphear Char AUN PORNMONIROTH**

Receiving Places:

- Cabinets of His / Her Excellencies Deputy Prime Ministers
- Deputy Chairman and Council Members of Non-Bank  
Financial Services Authority “For Information”
- General Secretariat of Non-Bank Financial Services Authority
- All units under Non-Bank Financial Services Authority
- Internal Audit Unit of Non-Bank Financial Services Authority
- Archives-Records.