

**KINGDOM OF CAMBODIA**

**Nation Religion King**



**Non-bank Financial Services Authority**

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

**CIRCULAR**

**on**

**Mechanism and Procedure of Performance Audit of Internal Audit Unit  
of Non-Bank Financial Services Authority on Units Under Non-Bank Financial Services  
Authority**

To ensure the effectiveness and efficiency of performance audit adhere to the Prakas on the implementation of the guideline of Performance audit, which aims to define the roles, duties and obligations of related parties of the Performance audit process, Non-Bank Financial Services Authority (FSA) set out the mechanisms and procedures of Performance Audit as following:

**1. Appointing a Person in Charge of Units Under FSA**

The units under FSA shall appoint at least one person to coordinate the performance audit work, known as “**Person in Charge**” to work with the Internal Audit Unit of FSA.

The units under FSA can appoint the same person who was in charge of coordinating the compliance audit work.

In case of change, 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 after appointing.

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

To ensure the effectiveness and efficiency of performance 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 Preparation**

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 evaluating of efficiency, effectiveness, and economy of units under FSA. The Internal Audit Unit of FSA shall clearly specify the date from the data collection phase until the performance audits 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.

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

#### **4. Providing a list of audit delegates and auditors in charge of units under FSA**

The Internal Audit Unit of FSA shall prepare a list of audit delegates and auditors in charge who shall execute the performance audits. The internal audit unit of FSA shall send the list to the units under FSA before excuting the audit work.

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

#### **5. Preparation of checklists to collect data and information**

The Internal Audit Unit of FSA shall prepare a checklist on the topics and criteria set out in the annual performance audit plan.

The Internal Audit Unit of FSA shall prepare to send the checklist to the person in charge of the unit under FSA to cooperate in providing data and information as defined in the checklist to the audit delegate and the auditor in charge.

The person in charge of units under FSA shall cooperate in the preparation of documents as defined in the checklist and provide to the Internal Audit Unit of FSA according to the schdule.

The Internal Audit Unit of FSA shall determine the specific time that the units under FSA shall provide the data and information set out in the checklist.

#### **6. Analysis and Evaluation of Data and Information Collected from Checklists**

The Audit delegate and the auditors in charge shall analyze and evaluate the data and information collected from the units under the FSA by comparing the achieved results with the set goals to determine the gaps.

The audit delegate and the auditor in charge shall conduct the study on the issues that cause gaps in the work performance: 1). Workflow 2). Terms of reference 3). Mechanisms and procedures for performing work 4). Mechanisms and procedures for monitoring performance 5). Mechanisms

and procedures for reporting work performance and 6). Official's ability to perform task, as fundamental discussion with the stakeholder to identify the issues.

## **7. On-site Data and Information Collection**

The audit delegate and the auditor in charge of units under **FSA** each shall use the fundamental study, including: 1). Workflow 2). Terms of reference 3). Mechanisms and procedures for performing work 4). Mechanisms and procedures for monitoring work performance 5). Mechanisms and procedures for reporting on work performance and 6). Official's ability to perform task to collect information, data, explanations relates to performance gaps. The audit delegates and auditors in charge of units under **FSA** shall determine the specific time, type of documents and reports that the person in charge shall provide to the Internal Audit Unit of **FSA**. The audit delegate and the auditor in charge shall meet the relevant stakeholder to collect data and important information that will serve for the assessment in the identified topics.

The audit delegate and auditor in charge shall provide the person in charge with the schedule to collect the data and information from the units under **FSA**. If necessary, the person in charge could request to reschedule.

## **8. Analysis and Evaluation of Performance Gaps Issues**

Auditors in charge shall analyze and evaluate the data and information obtained from the on-site data and information collection to identify the issues of performance gaps.

Auditors in charge shall prepare a draft audit finding report of units under the **FSA** based on the collected data and information.

Auditors in charge shall request approval from management on draft audit finding report before discussion with units under **FSA**.

## **9. Discussions with units under FSA on the Audit Findings**

Auditors in charge shall schedule to discuss the audit findings with the person in charge or the unit under **FSA**'s representative.

Auditors in charge shall explain to the person in charge or the unit under **FSA**'s representative about the audit findings and the proposed recommendation.

Auditors in charge shall prepare a draft performance audit report after obtaining the agreement from the person in charge or the units under **FSA**'s representative of the findings and proposed recommendations and ask for the prior approval from the management before submitting to the task force committee.

## **10. Review and Evaluation on the draft performance audit report**

The task force committee shall prepare the evaluation of the auditor in charge's conclusion on performance of the units under the **FSA** with the defined 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 performance 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.

#### **11. Preparation of Draft Performance Audit Report after Task Force Committee's meeting**

Auditors in charge shall prepare a draft performance audit report based on the task force committee's decision.

The auditor in charge 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 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.

#### **12. Discussion on the draft performance audit report**

The auditor in charge of each unit under **FSA** shall 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.

#### **13. 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.

#### **14. 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 performance 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 performance 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.

#### **15. Reporting to the Chair of the FSA Board**

The 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.

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

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

Phnom Penh March, 28, 2023

**Deputy Prime Minister**  
**Minister of Economy and Finance and the**  
**Chair of the Board of Non-Bank Financial Services**  
**Authority**

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.