KINGDOM OF CAMBODIA

Nation Religion King

Non-bank Financial Services Authority
Internal Audit Unit
No: 007/24 IAU/Circular

CIRCULAR

On

MECHANISM AND PROCEDURE PREPARATION OF FOLLOW-UP PERFORMANCE AUDIT REPORTS OF INTERNAL AUDIT UNIT OF NON-BANK FINANCIAL SERVICES AUTHORITY

To ensure the effectiveness and efficiency in preparing follow-up performance audit reports in accordance with the circular on follow-up performance audit report form, the Internal Audit Unit of **FSA** hereby issues the circular on the preparation of follow-up performance audit reports as follows:

1. The Executive Summary

The preparation of the executive summary is an important part of the report that provides key perspectives on each point of the report. The objective of preparing the executive summary is to make the report concise while retaining the essential content for the reader. Furthermore, before preparing the executive summary for any report, the auditor in charge shall understand what the auditor in charge or the users of the report require from the executive summary. Therefore, to enable the auditor in charge for the users of the report easily understand and have a clear overview of the general content, the executive summary shall be prepared by dividing it into 6 (six) key points as described below:

Point 1: Mandate for Monitoring Implementation

The auditor in charge shall describe the various legal and regulatory bases on granted authority to the Internal Audit Unit of **FSA** to monitor the implementation of performance audit recommendations. The auditor in charge shall describe this point by dividing it into 2 paragraphs as the following:

According to the Law on the Organization and Conduct of **FSA** and Sub-Decree No. 113, dated July 14, 2021, on the Organization and Conduct of the unit under the Supervision of FSA, Internal Audit Unit of **FSA** is established, serve the board and the chair of FSA on audit work, to strengthen the internal control system of the units under **FSA** through monitoring, professional supervision, ethics, independence, integrity, accountability and development of the internal audit function, as well as training for the units under FSA.

According to Announcement No. 009, dated October 1, 2021, on the Organization and Conduct of the Departments under the Internal Audit Unit of **FSA**, Internal Audit Department I and Internal Audit Department II act as the secretariat for the Internal Audit Unit of **FSA** on audit work as stipulated in the Sub-Decree on the Organization and Conduct of the unit under **FSA**. Internal Audit Department I is accountable for audit work and monitoring the implementation of performance audit recommendations for 4 regulators, namely: the Social Security Regulator, the Accounting and Auditing Regulator, the Real Estate and Pawnshop Business Regulator, and the Cambodia Insurance Regulator, Internal Audit Department II is accountable for audit work and monitoring the implementation of performance audit recommendations for 3 regulators, namely: the General Secretariat of **FSA**, Securities and Exchange Regulator of Cambodia, and the Trust Regulator. In accordance with the above announcement, [Audit Office No...] will implement the work of monitoring the implementation of performance audit recommendations of [The unit under **FSA**] in the year ....

Point 2: Framework for Monitoring Implementation

The auditor in charge shall describe the regulatory framework and the operational framework and process for monitoring the implementation of performance audit recommendations by the Internal Audit Unit of **FSA**. The auditor in charge for the unit under **FSA** can describe this point by dividing it into 3 paragraphs as the following:

To ensure the effectiveness and efficiency of monitoring implementation of performance audit recommendations [...], the auditor in charge has implemented the work in accordance with Guideline No. 034/23 dated October 30, 2023, on the Format of Follow-Up Performance Audit Reports on the Implementation of performance audit recommendations; Guideline No. ....., dated ...., on the Preparation of Follow-Up Performance Audit Reports on the Implementation of performance audit recommendations; and Guideline No. 003, dated August 21, 2023, on the Mechanism and Procedure for Monitoring the Implementation of performance audit recommendations by the Internal Audit Unit of **FSA**. These guidelines clearly define the framework for implementing audit recommendations [...].

Furthermore, to ensure implementation of performance audit recommendations for the year [....] and to obtain results on the implementation of performance audit recommendations by the unit under **FSA** in accordance with the recommendations provided by the auditor in charge, the Internal Audit Unit of **FSA** has also prepared Guideline No.[.....], dated ... Month ...., on the Standards, Mechanism, and Procedure for Assessing the Implementation of performance audit recommendations by the Internal Audit Unit of **FSA**.

To ensure that implementation of performance audit recommendations is effective, efficiency, and legally correct, the Internal Audit Unit of **FSA** has prepared the annual audit plan for [....], which has received high-level approval from Deputy Prime Minister, Minister of Economy and Finance, and Chair of **FSA** Board and has prepared checklists that have received agreement from His Excellency, the Head of Internal Audit Unit of **FSA**, to serve as a guide for work implementation. By implementing this established plan, the Internal Audit Unit of **FSA** will monitor the implementation of performance audit recommendations [...] on the unit under **FSA**.

Monitoring the implementation of performance audit recommendations is the process of collecting, analyzing, and evaluating data and information on the implementation of performance audit recommendations issued by the auditor in charge, to determine whether the audit recommendations issued previously have been implemented or not. The objective of monitoring the implementation of performance audit recommendations is to ensure that the unit under **FSA** have implemented the various recommendations issued by the auditor in charge in order to improve their work efficiency.

Point 3: Implementation for Audit Recommendations

The auditor in charge shall describe the various recommendations issued in the audit report or in the follow-up performance audit report on the implementation of performance audit recommendations. The auditor in charge shall describe this point by dividing it into 2 paragraphs as the following:

According to the audit report for the year [...] at [The unit under **FSA**], the auditor in charge provided recommendations for the audit topic, on the findings that the [The unit under **FSA**] shall implement, as follows:

Audit Recommendations

Topic No. ......

Recommendation No. ....

A. ....
B. ....
C. ....

According to the follow-up performance audit report on the implementation of performance audit recommendations for the year [...] at [The unit under **FSA**], which the auditor in charge continues to monitor the implementation of performance audit recommendations on [the unit under **FSA**] that shall be implemented, are as follows:

Audit Recommendations

Topic No. ....

Recommendation No. ....

A. ....
B. ....
C. ....

Topic No. ....

Recommendation No. ....

A. ....
B. ....
C. ....

Point 4: Data and Information

The auditor in charge shall describe the basis used for collecting data and information serving the issued audit recommendations, and the minutes of discussions on requests for data and information with the unit under **FSA**. The auditor in charge can describe this point by dividing it into 3 paragraphs as the following:

To ensure that the monitoring of the implementation of performance audit recommendations is effective and efficiency, on [Date........], Month [....], the Internal Audit Unit of **FSA** sent a checklist to the person in charge at the [the unit under **FSA**] to cooperate in providing the data and information as specified in the checklist to the audit delegates and the auditor in charge. On [Date........], [the unit under **FSA**] responded by providing some data and information to the Internal Audit Unit of **FSA**, including: 1) .... 2) ....).

Furthermore, according to Minutes No. ...., dated [Date...], Month [......], Year [....], regarding [...], the auditor in charge conducted on-site discussions for data and information collection, to obtain additional confirmation and/or clarifications, by specifying the time, types of documents, and reports that the person in charge and relevant individuals at the [the unit under **FSA**] shall provide to the audit delegates and the auditor in charge for assessment purposes.

When the Audit delegates and the auditor in charge received and held meetings to discuss requests for data and information, [the unit under **FSA**] provided a high level of cooperation in providing data and information and prepared well-organized documentation that facilitated the audit delegates and the auditor in charge's review, and also responded without displaying any behavior intended to conceal information from the audit delegates and the auditor in charge.

Point 5: Examination and Assessment of the Implementation result

The auditor in charge shall describe the basis for assessment and the assessment by the auditor in charge for the unit under **FSA** on the data and information related to monitoring the implementation of performance audit recommendations. The auditor in charge shall describe this point by dividing it into 2 (two) paragraphs as the following:

The Internal Audit Unit of FSA has issued specific assessment standards for the results of the implementation of performance audit recommendations for the auditor in charge to conduct assessments, comprising 4 criteria, including: 1). Willingness to implement recommendations, 2) Framework for recommendation implementation, 3). Method for implementing recommendations, and 4). Results achieved in implementing recommendations; and the scale for assessing the implementation of performance audit recommendations consists of 5 levels, including: 1. Highest: 20-18, 2. High: 17-15, 3. Fair: 14-13, 4. Medium: 12-10, and 5. Low: Below 10.

Based on the criteria and scale used to assess the implementation of performance audit recommendations, the auditor in charge has examined and found that the [The unit under **FSA**] has implemented the audit recommendations with a high sense of accountability in accordance with the recommendations provided by the auditor. However, there are still a number of recommendations that [the unit under **FSA**] has not yet fully implemented. As a result of the assessment of the implementation of performance audit recommendations, they include:

Topic No. .... [....]

Recommendation No. ....

A. ....
B. ....
C. ....

Result of the assessment of the implementation of recommendation No. ....: [.......]

Topic No. .... [.....]

Recommendation No. ....

A. ....
B. ....
C. ....

Point 6: Conclusion

The auditor in charge shall describe the basis for assessment and provide follow-up audit recommendations for cases where the unit under **FSA** has implemented the recommendations but not yet fully. The auditor in charge for the unit under **FSA** can describe this point by dividing it into 3 (three) paragraphs as the following:

According to the assessment standards for the results of the implementation of performance audit recommendations, four types of conclusions have been defined, including: 1. The recommendation has been fully implemented, 2. The recommendation has been implemented but not yet fully, 3. The recommendation has not been implemented, 4. Refused. For these four types of conclusions, they are based on the criteria and scale for assessing the implementation of performance audit recommendations. Therefore, the auditor in charge can conclude that: [the unit under **FSA**] has implemented the recommendations but not yet fully on a number of points, including: 1. [Topic 1], 2. [Topic], 3. [Topic].

(In the case of having implemented the recommendations but not yet fully) To ensure that the implementation of recommendations by [the unit under **FSA**] is effective and efficiency, the auditor in charge here by issues follow-up recommendations on the previous recommendations as follows:

Recommendation No. ....:

A. ....
B. ....
C. ....

Follow-up Recommendation:

A. ....
B. ....
C. ....

For the purpose of improving the implementation of performance audit recommendations by [The unit under **FSA**], the auditor in charge will continue to monitor the progress of the implementation of recommendations that [the unit under **FSA**] has not yet fully and properly implemented in the next period.

2. Introduction

The introduction is a part that provides an opportunity for the Internal Audit Unit of **FSA** to inform the reader or user of this follow-up performance audit report on the implementation of performance audit recommendations of the factual background regarding its authority and the basis for use in monitoring the implementation of performance audit recommendations. Therefore, the introduction shall be prepared by dividing it into 2 (two) key points as described below:

Point 1: Mandate for Monitoring the Implementation

The auditor in charge shall describe the history of the establishment of the Internal Audit Unit of **FSA**. The auditor in charge shall describe this point by dividing it into 2 paragraphs as the following:

According to the Law on the Organization and Conduct of **FSA** and Sub-Decree No. 113, dated July 14, 2021, on the Organization and Conduct of the unit under **FSA**, the Internal Audit Unit of **FSA** was established.

The auditor in charge of the unit under **FSA** shall write a description of the background of the establishment of the Internal Audit Unit of **FSA**. The auditor in charge of the unit under **FSA** can describe this point by dividing it into two paragraphs as described below:

According to the Law on the Organization and Operation of the Non-Banking Financial Services Authority (**FSA**) and Sub-Decree No. 113. Internal Audit Unit of FSA is established, serve the board and the chair of FSA on audit work, to strengthen the internal control system of the units under FSA through monitoring, professional supervision, ethics, independence, integrity, accountability and development of the internal audit function, as well as training for the units under **FSA.**

According to Prakas No. 009, dated October 1, 2021, on the organization and functioning of departments under the Internal Audit Unit of **FSA**. Audit Department 1 and Audit Department 2 is the head of the Internal Audit Unit of **FSA** on audit work as stipulated in the Sub-Decree on the Organization and Operation of the unit under **FSA**. Through the above announcement, Audit Department 1 is accountable for auditing and monitoring the implementation of performance audit recommendations on four regulators, namely: the Social Security Regulator, Audit and Accounting Regulator, Pawnshop and Real Estate Business Regulator, and Insurance Regulator of Cambodia. In particular, Audit Department 2 is accountable for auditing and monitoring the implementation of performance audit recommendations of three regulators are: Securities and Exchange Regulator of Cambodia, Trust Regulator, and Secretary General of **FSA**.

Point 2: Framework for monitoring implementation

The auditor in charge shall write a description of the regulatory basis, the framework for performing the work, and the process for monitoring the implementation of performance audit recommendations. The auditor in charge of the unit under **FSA** can describe this point by dividing it into two paragraphs as described below:

To ensure the effectiveness and efficiency of the follow-up to the audit recommendations of the year [......], the auditor in charge carried out the work in accordance with recommendation No. 034/23 dated 30 October 2023. On the report format on monitoring the implementation of performance audit recommendations, Instruction No. [........] dated [........] month [........] year [........] on the preparation of monitoring reports Implementation of performance audit recommendations and Instruction No. 003 dated August 21, 2023 on mechanisms and procedures for monitoring the implementation of performance audit recommendations of the Internal Audit Unit of **FSA**. The Guidelines on Mechanisms and Procedures for Monitoring the Implementation of Performance Audit Recommendations of the Internal Audit Unit of **FSA** clearly define the framework for the implementation of the work of monitoring the implementation of recommendations. The audit consists of 16 steps: 1. Appointment of a person in charge of coordinating the work of implementation of performance audit recommendations of the unit under **FSA**. 2. Monitoring plan of audit recommendations, 3. Providing the performance of audit recommendations, 4. Preparing a checklist to collect data and information for use Provide an assessment of the implementation of performance audit recommendations, 5. Request for clarification and/or additional data and information, 6. Providing clarification and/or additional data and information, 7. Preparing a report on the results of the audit. Assess the implementation of performance audit recommendations, 8. Discussing with the results of the assessment of the implementation of performance audit recommendations, 9. Preparing of draft report of implementation of performance audit recommendations, 10. Reviewing and evaluate the draft report of implementation of performance audit recommendations of the auditor in charge of the unit under **FSA,** 11. Submission of draft reports of implementation of performance audit recommendations to the unit under **FSA**, 12. Discussing on draft reports on the implementation of performance audit recommendations, 13. Reporting the results of discussions or responses on the draft report of implementation of performance audit recommendations, 14. Preparing a report on the implementation of performance audit recommendations End, 15. Requesting for review and decision on the report on monitoring the implementation of performance audit recommendations, and 16. submission of the report on monitoring the implementation of performance audit recommendations for the unit under **FSA**. In addition, to ensure the measurement of the implementation of the audit recommendations of the year [........] until the results of the implementation of performance audit recommendations are obtained in accordance with the recommendations provided by the auditor in charge, the Internal Audit Unit of **FSA** has prepared Instruction No. [........] dated [........] month [........] year [........] on Standard, mechanism, procedure for evaluating the implementation of performance audit recommendations of the Internal Audit Unit of **FSA**.

Audit recommendation follow-up is the process of collecting, analyzing, and evaluating data and information on the implementation of performance audit recommendations issued by the auditor in charge to determine whether the recommendations have been implemented.

the audit recommendations issued in the previous period been implemented. The purpose of monitoring the implementation of performance audit recommendations is to ensure that the unit under **FSA** has implemented the recommendations made by the auditor in charge.

3.Issued Audit Recommendations

The auditor in charge of the unit under **FSA** shall write the recommendations made in the audit report or in the report on monitoring the implementation of performance audit recommendations. The auditor in charge can describe this point by dividing it into two paragraphs as described below:

According to the audit report for the year [......] at [auditees], the auditor in charge made recommendations on a topic-by-topic basis based on the findings of [auditees]. The following advice should be followed:

Audit recommendations

Topic....: [........]
Recommendation No....:
A. **.......................**
B. **.......................**
C. **.......................**
Topic No....: [........]
Recommendation No.:
A. **.......................**
B. **.......................**
C. **.......................**

According to the report on the implementation of performance audit recommendations for the year [......] at [the unit under **FSA**], the auditor in charge continues to monitor the implementation of performance audit recommendations of [the unit under **FSA**] shall comply with the following:

Performance Audit Recommendation
Topic No....: [........]
Recommendation No....:
A. **.......................**
B. **.......................**
C. **.......................**
Topic No....: [........]
Recommendation No.:
A. **.......................**
B. **.......................**
C. **.......................**

4.Criteria and metrics to evaluate the implementation of performance audit recommendations

The auditor in charge of the unit under **FSA** shall write a description of the use of the criteria and scales according to the guidelines on the standards for evaluating the implementation of recommendations. The audit of the Internal Audit Unit of **FSA** has been put in place for the implementation of the work. The preparation of criteria and scales used to evaluate the implementation of performance audit recommendations shall be prepared separately. Two points as in the example below:

To ensure effective and efficient implementation of performance audit recommendations, the Internal Audit Unit of **FSA** has discussed and reviewed the criteria and metrics. In assessing the implementation of performance audit recommendations of the unit under **FSA**.

Point 1: Criteria used to evaluate the implementation of performance audit recommendations

The auditor in charge of the unit under FSA shall describe in writing the basis used to assess the implementation of performance audit recommendations. The auditor in charge may describe this as follows:

The Internal Audit Unit of **FSA** has clearly defined four criteria for monitoring the implementation of performance audit recommendations, including: 1). Commitment to implement recommendations 2). Measurement for implementing recommendations 3). Means of implementing the recommendations; and 4). Results achieved in implementing the recommendations.

Point 2: Using metrics to assess the implementation of performance audit recommendations

The auditor in charge of the unit under **FSA** shall write a description of the criteria used by the auditor in charge to evaluate the implementation of performance audit recommendations. The auditor in charge of the **unit under FSA** can describe this point as in the following example:

In addition, the Internal Audit Unit of **FSA** clearly defines a scale for evaluating the implementation of performance audit recommendations, including: 1. Highest: 20-18, 2. High: 17-15, 3.

Low: 14-13, 4. Medium: 12-10 and 5. Low: Below 10 to verify with the evidence provided by the unit under **FSA**.

5.Data and information of performance audit recommendations

The auditor in charge of the unit under **FSA** shall write a description of the data and information collected to serve the implementation of performance audit recommendations. The description of data and information collection should be divided into three main points as described below.

Point 1: Preparing a checklist to collect data and information

The auditor in charge of the unit under **FSA** shall write a description of the preparation of checklists to collect data and information. The auditor in charge of the unit under **FSA** can describe this point as in the following example:

Before submitting the checklist to unit under **FSA**, the auditor in charge shall prepare a checklist for use as a basis for collecting data and information to assess the implementation of performance audit recommendations for the year [........], which has been approved by His Excellency, the Head of Internal Audit Unit of **FSA**.

Point 2: Sending the audit checklist to unit under FSA for cooperation

The auditor in charge of the unit under **FSA** shall write a description of the checklist sent to unit under **FSA** for requesting cooperation.

The auditor in charge of the unit under **FSA** can describe this point as in the following example:

After receiving approval from His Excellency, the Head of Internal Audit Unit of **FSA**, the auditor in charge gave the checklist to the person in charge on [........] month [........] year [........] to prepare and cooperate in providing data and information as specified in the checklist to the auditor in charge.

Point 3: Received Data and Information

The auditor in charge of the unit under **FSA** shall write a description of the data and information received from the unit under **FSA** to perform the audit work. The auditor in charge of the unit under **FSA** can describe this point as follows:

After receiving the audit checklist from the auditor in charge, on [........] month [........] year [........] [unit under **FSA**] responded by providing the following data and information: 1. [........] ,2. [........], 3. [........].

In addition, according to Minutes No. [........] dated [........] month [........] year [........] on [......] and Minutes No. [.......] dated [.......] month [.......] year [.......] on [.......] the audit delegate and the auditor in charge discussed the collection of data and information on site for additional clarification and/or clarification, specifying the time, type of documents and reports that the person in charge would provide. and related individuals shall be provided to the audit delegate and the auditor in charge of the evaluation.

During the audit delegate and auditor in charge, receiving and discussing requests for data and information provided high cooperation in providing data and information and prepared well-organized documents. The unit under **FSA** is accountable for the inspection and provide clear explanations without displaying any behavior intended to conceal information from the audit delegate and the auditor in charge.

6.Results of the evaluation of the implementation of the performance audit recommendations

The auditor in charge of the unit under **FSA** shall describe the results of the assessment of the implementation of performance audit recommendations, which are obtained in the form of data and information from the unit under **FSA**. The auditor in charge of the unit under **FSA** can describe this point by dividing it into three paragraphs as shown below:

To ensure effective, accurate and timely assessment of the implementation of performance audit recommendations. The auditor in charge has implemented the instruction No. [........] dated [........] month [........] year [........] on the standards and procedure mechanisms for evaluating the implementation of performance audit recommendations of Internal audit of **FSA**. As a result, the auditor in charge can determine that the implementation of the previous audit recommendations of [the unit under **FSA**] is as follows:

Performance Audit Recommendation
Topic No....: [........]
Recommendation No....:
- Willingness to implement recommendations: [........]
- Rules for implementing recommendations: [........]
- Means for implementing recommendations: [........]
- Results for implementing recommendations: [........]

Following the implementation of the previous audit recommendations by [the unit under **FSA**], the auditor in charge may analyze the implementation of the previous audit recommendations as presented in the table below:

Performance Audit Recommendations

Rating Criteria	Very High	High	Moderate	Medium	Low	Achieved Score
Commitment to implement the Recommendations						
Measurement to implement the recommendation						
Means to implement the recommendation						
Achieved Results to implement the recommendation						
Total Score						
Rating						

After analyzing the implementation of the previous audit recommendations, the auditor in charge may conduct an assessment based on the criteria and rating scale for the implementation of performance audit recommendations. The assessment results indicate that [the unit under **FSA**] has fully implemented the recommendations / has implemented the recommendations but not yet in full.

In case there is an on-site discussion meeting: In addition, after completing the analysis and assessment of the data and information, the auditor in charge continues the procedure for preparing the report on the assessment results of the implementation of performance audit recommendations by [the unit under **FSA**], based on the data and information received. The report was submitted for review and decision by the management of the Internal Audit Unit of **FSA** before discussion with the management and technical officials of [the unit under **FSA**] regarding the report on the assessment results of the implementation of performance audit recommendations. After receiving approval from the management, on [........] [month] [........] [year] [........], the auditor in charge held a discussion meeting with representatives of [the unit under **FSA**] to review and provide explanations on the implementation of the recommendations presented in the report on the assessment results of the implementation of performance audit recommendations.

7. Comments from the unit under FSA on the Draft Follow-up Report on the Implementation of Performance Audit Recommendations

The auditor in charge of the unit under **FSA** shall describe the comments and requests of the unit under **FSA**. This section shall be prepared by dividing it into two main points as follows:

Point 1: In Case There Is a Response from the unit under **FSA**

The auditor in charge of the unit under **FSA** shall describe the comments and requests of the unit under **FSA** on the draft follow-up report on the implementation of performance audit recommendations. The auditor in charge may present this point in three paragraphs as follows:

Pursuant to Instruction No. dated 21 August 2023 on the mechanism and procedure for following up on the implementation of performance audit recommendations of the Internal Audit Unit of **FSA**, it is stipulated that, after receiving approval on the draft follow-up report on the implementation of performance audit recommendations of [the unit under **FSA**] for the year [........], the auditor in charge submitted the draft follow-up report on the implementation of performance audit recommendations to [the unit under **FSA**] through Mr./Ms./Miss [........], who is the person in charge of [the unit under **FSA**], on [........] [month] [........] [year] [........].

On [........] [month] [........] [year] [........], the internal audit unit of **FSA** received a response from [the unit under **FSA**] through Letter No. [........] dated [........] [month] [........] [year] [........] concerning the submission of the draft follow-up report on the implementation of performance audit recommendations to [the unit under **FSA**], with the following contents:

After receiving the response letter, the auditor in charge reviewed and assessed the comments or requests of [the unit under **FSA**] and submitted them for review and decision from management. After submitting the briefing note concerning the comments or requests of [the unit under **FSA**] for review and decision, the auditor in charge continued the procedures in accordance with the guidance of the management of the Internal Audit Unit of **FSA**.

Point 2: In Case There Is No Response from the Unit Under FSA

The auditor in charge of the unit under **FSA** shall describe the absence of comments and requests from the unit under **FSA** on the draft follow-up report on the implementation of performance audit recommendations. The auditor in charge may present this point in two paragraphs as follows:

Pursuant to Instruction No. 003 dated 21 August 2023 on the mechanism and procedure for following up on the implementation of performance audit recommendations of the Internal Audit Unit of **FSA**, it is stipulated that, after receiving approval on the draft follow-up report on the implementation of performance audit recommendations of[the unit under **FSA**] for the year [........], the auditor in charge submitted the draft report to Mr./Ms. [........], who is the person in charge of [the unit under **FSA**], on [........] [month] [........] [year] [........].

After the auditor in charge had submitted the draft follow-up report on the implementation of performance audit recommendations and after a period of [........] working days, the auditor in charge did not receive any comments or requests from [the unit under **FSA**]. Therefore, the auditor in charge considers that [unit under **FSA**] has agreed with the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge.

8. Assessment Results of the Task Force Committee

The auditor in charge shall describe the assessment results of the Task Force Committee. This section shall be prepared by dividing it into four main points as follows:

Point 1: Regulatory Framework for the Establishment of the Task Force Committee

The auditor in charge of the unit under **FSA** shall describe the regulatory framework that authorizes the Internal Audit Unit of **FSA** to establish a Task Force Committee to review the results of the preparation of the draft follow-up report on the implementation of performance audit recommendati ons prepared by the auditor in charge, as well as the composition of the Task Force Committee. The auditor in charge may present this point as follows:

Pursuant to Instruction No. 003 dated 21 August 2023 on the mechanism and procedure for following up on the implementation of performance audit recommendations of the Internal Audit Unit of **FSA**, a Task Force Committee shall be established to review and assess the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge.

His Excellency and a head of Internal Audit Unit of **FSA** issued Decision No. [........] dated [........] [month] [........] [year] [........] on the establishment of the Task Force Committee to review and assess the review report, the implementation of revenue collection, the implementation of expenditure, the payment of contributions and the use of quarterly and annual contributions, the audit report, and the follow-up report on the implementation of performance audit recommendations for the year [........] prepared by the auditor in charge of the Internal Audit Unit of **FSA**. The composition of the Task Force Committee is as follows:

1. [...]
2. [...]
3. [...]

Point 2: Working Procedures of the Task Force Committee

The auditor in charge of the unit under **FSA** shall describe the key bases used by the Task Force Committee to review and assess the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge. The auditor in charge may present this point as follows:

The Task Force Committee reviewed and assessed the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge, based on the guidelines on [........] and the instruction on the mechanism and procedure for following up on the implementation of performance audit recommendations [........] of the Internal Audit Unit of **FSA**.

The review covered the implementation of the follow-up procedures on audit recommendations by the auditor in charge, the inquiry process conducted by the auditor in charge, evidence related to the follow-up on the implementation of performance audit recommendations, the data and information collected, and the conclusion of the auditor in charge.

The meeting of the Task Force Committee on the draft follow-up report on the implementation of performance audit recommendations of [the unit under **FSA**] prepared by the auditor in charge was held on [........] [month] [........] [year] [........] at the meeting room of the Internal Audit Unit of **FSA** at [time], under the leadership of His Excellency and a head of Internal Audit Unit of **FSA**, who also served as a chair of the Task Force Committee.

At the beginning of the meeting, His Excellency and a head of Internal Audit Unit of **FSA** expressed appreciation to the auditor in charge for the efforts made in preparing the draft follow-up report on the implementation of performance audit recommendations of [the unit under **FSA**] for the year [........] in a timely manner and in accordance with the described format.

Upon reviewing the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge, His Excellency as a chair of the Task Force Committee, together with the members of the Task Force Committee, identified certain shortcomings related to content, wording, and spelling.

Point 3: In Case the Task Force Committee Finds that the Conclusion of the Auditor in Charge Is Comprehensive

The auditor in charge of the unit under **FSA** shall describe the case where the Task Force Committee finds that the conclusion of the auditor in charge is comprehensive in relation to the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge. The auditor in charge may present this point as follows:

As a result, the Task Force Committee highly appreciated the implementation of the working procedures by the auditor in charge and accepted [........] findings of the auditor in charge. The Committee also authorized the auditor in charge to continue the procedure for submitting this follow-up report on the implementation of performance audit recommendations to [the unit under **FSA**] for review and for the provision of written comments and requests back to the Internal Audit Unit of **FSA**.

Point 4: In Case the Task Force Committee Finds that the Conclusion of the Auditor in Charge Is not yet Comprehensive

The auditor in charge of the unit under **FSA** shall describe the case where the Task Force Committee finds that the conclusion of the auditor in charge is not yet comprehensive in relation to the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge. The auditor in charge may present this point in three paragraphs as follows:

As a result, the Task Force Committee reviewed and assessed that there were certain gaps in the results of the auditor in charge and instructed the auditor in charge to carry out additional follow-up procedures on the implementation of performance audit recommendations for certain topics [........], including:

Performance Audit Recommendations

- Topic 1: [........]
- Topic 2: [........]

In addition, the Task Force Committee also instructed the auditor in charge to conduct additional verification of the assessment results on the implementation of performance audit recommendations by [the unit under FSA].

On [........] [month] [........] [year] [........] at [time], the Task Force Committee held another meeting to review and reassess the draft follow-up report on the implementation of performance audit recommendations prepared by the auditor in charge, after the auditor in charge had completed the additional procedures on the issued audit recommendations.

During the meeting, there was a detailed discussion on the data and information collected by the auditor in charge through the implementation of additional procedures in accordance with the guidance of the Task Force Committee. The Task Force Committee found that the auditor in charge had implemented the procedures properly and appropriately in accordance with the guidelines on audit [........], the instruction on [........], and Instruction [........].

As a result, the Task Force Committee highly appreciated the implementation of the additional procedures by the auditor in charge regarding the conclusion and accepted [total number of findings] findings of the auditor in charge.

9. Conclusion

The auditor in charge of the unit under **FSA** shall describe the conclusion of the auditor in charge by explaining the standards used to draw conclusions on the economy, efficiency, and effectiveness of the unit under **FSA**. This section shall be prepared by dividing it into two main points as follows:

Point 1: Standards for Drawing Conclusions

The auditor in charge of the unit under **FSA** shall describe the standards used by the auditor in charge to draw conclusions on the implementation of performance audit recommendations by the unit under **FSA**. The auditor in charge may present this point as follows:

Pursuant to Instruction No. [........] dated [........] [month] [........] [year] [........] on [........], this instruction clearly defines the basis to be used for drawing conclusions according to four standards as follows:

1. **Conclusion: Full implementation of the recommendations**

   This conclusion shall be given after the auditor has reviewed and assessed that the auditee has fully implemented the audit recommendations provided and has received an assessment score of 15 points or above.

2. **Conclusion: Recommendations implemented but not yet in full**

   This conclusion shall be given after the auditor has reviewed and assessed that the auditee has implemented the audit recommendations, but not yet in full, and has received an assessment score within the range of 10 to 14 points.

3. **Conclusion: Non-implementation of the recommendations**

This conclusion shall be given after the auditor has reviewed and assessed that the auditee has not implemented the audit recommendations provided and has received an assessment score below 10 points.

4. **Conclusion: Disclaimer / Refusal**

   This conclusion shall be given when the follow-up on the implementation of performance audit recommendations cannot be conducted because the unit under **FSA** has not cooperated in providing data and information on the implementation of performance audit recommendations.

Point 2: Results of the Review on the Follow- Up Audit Recommendations

The auditor in charge of the unit under **FSA** shall describe the results of the review on the follow-up of the implementation of performance audit recommendations, including positive points, efforts, and noteworthy progress made by the unit under **FSA** in the areas or points reviewed, as an overall perspective of the unit under **FSA**. The auditor in charge may present this point as follows:

After analyzing and assessing the data and information received, and after holding discussions with the person in charge and relevant persons of [the unit under **FSA**], the auditor in charge observed that [the unit under **FSA**], under the leadership of His Excellency the Secretary General / His Excellency the Director General, has made efforts to implement the performance audit recommendations stated in the previous performance audit report with a high sense of responsibility, resulting in commendable achievements.

However, there remain certain recommendations that [the unit under **FSA**] has implemented but not yet in full, including: 1. [Topic], 2. [Topic], 3. [Topic].

10. Recommendations of the Auditor in Charge

The auditor in charge of the unit under **FSA** shall describe the results of the review and assessment conducted by the auditor in charge, using one of the conclusion models defined in the basis for drawing conclusions. The auditor in charge may present this point as follows:

Based on the review, assessment, and conclusion drawn in accordance with the working basis described above, the auditor in charge has applied the following conclusion, for example: recommendations implemented but not yet in full, for certain points as follows:

Recommendation No. ....:
a. ....
b. ....
c. ....

Follow-up Recommendation:
a. ....
b. ....
c. ....

In this regard, based on the results of the implementation of performance audit recommendations for the year [........] by [the unit under **FSA**], which have not yet been fully implemented in the points mentioned above, the auditor in charge shall continue to follow up on the implementation of the audit recommendations for the year [........] that have not yet been fully implemented in the next period.

11. Appendix

The auditor in charge shall include appendices related to the process of conducting the audit. Upon receiving this instruction, the audit delegates and the auditor in charge of the unit under **FSA**, the Deputy Heads of the Internal Audit Unit of **FSA**, Directors of Departments, Deputy Directors of Departments, and Heads of Division under the Internal Audit Unit of **FSA** shall implement this instruction effectively from the date of signature onward.

Phnom Penh: June 3, 2024

Internal Audit Unit

Head of Unit

H.E.Chhun Sambath