

NATIONAL AUDIT AUTHORITY



Public Auditing Standards of The Royal Government of Cambodia

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Support to
The National Audit Authority

Note to the English Version

Any questions, doubt or interpretation, the Khmer version is the original to be consulted.

Preface

The National Audit Authority (NAA) was established by the Royal Kram CS/RKM/0300/10 dated 03 March 2000 which promulgated the Audit Law of the Royal Government of Cambodia. The law entails the NAA to develop the Auditing Standards which is henceforth called Public Auditing Standards of the Royal Government of Cambodia.

The Public Auditing Standards is a compass the auditors use to implement their works with responsibility and to ensure high quality audits. Furthermore the Public Auditing Standards inform the audited entities and the public stakeholders about the principles and procedures of audit that NAA follows.

The Public Auditing Standards focus on the principles of independence, competence, due professional care and preparation of audit work, and the supervision of audit implementation, reliable and relevant evidence to support the conclusion and complete report. The NAA will develop guidelines and manuals which detail and explain the Public Auditing Standards to facilitate the work of the auditors.

The creation and implementation of the Public Auditing Standards is an important step for the NAA in strengthening institutional capacity building and getting trust from audited entities and the public. It is a milestone of the process of modernizing the audit in public sector.

I firmly believe that the implementation of the Public Auditing Standards will provide an important contribution to increase the quality of audit in order to promote transparency and responsibility which is the basis of good governance in public administration of the Royal Government of Cambodia.

Phnom Penh, 15 August, 2011

Uth Chhorn
Auditor General

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Chapter I

Audit Principles

- 1.1 The mission of NAA is to improve the transparency of public finance processes, strengthen accountability regarding the management of public funds, assets and public enterprises, to serve the safe and balanced operation of the public finances, and to support their development.

The NAA helps National Assembly and Senate to fulfill its legislative and controlling function of approving the budget and supervising its implementation.

- 1.2 The NAA intends to help manage public resources wisely and enhance public sector accountability through reliable and timely audits. The NAA concentrates on preventing the budget from errors and fraud and on supporting the preparation and decision on annual draft budget law and annual draft budget settlement law of the Royal Government of Cambodia.
- 1.3 To ensure the audit quality the NAA has to be fair and reliable through transparent performance of audit, application of modern audit methods and through the highest possible level of audit assurance. The audit works of the NAA not only comply with the accounting standards but also fulfill the principles of fairness towards the audited entities.
- 1.4 The Government Institutions in the provisions of the Audit Law of the Royal Government of Cambodia (Art. 2) are responsible for form and content of the financial reports and statements. They are obliged to design a practical system which will provide relevant and reliable information.
- 1.5 The core values in the activities of the NAA are professional knowledge and experience. NAA's work is based on a creative approach and a work atmosphere that promotes innovation, organizational integrity and stability.
- 1.6 The high quality of NAA's audit is based on the auditor's professional expertise and due care, on regulations aligned to INTOSAI's guidelines, on adoption of best international practice while observing national characteristics, and on the development of audit methods such as computer-based techniques, analytical review method, statistical sampling and audit of automated information systems.

- 1.7 The NAA assures the high quality of its work with a comprehensive system of quality control.
- 1.8 The Public Auditing Standards are designed in accordance with the legal and factual situation in Cambodia. They correspond with the INTOSAI Auditing Standards.
- 1.9 The Public Auditing Standards follow the audit mandate of the NAA as stipulated in the Audit Law. In case of amendment of the Audit Law the conflicting regulation of the Public Auditing Standards have to be interpreted in congruence with the amendment.
- 1.10 The NAA develops and issues Auditing Guidelines and Auditing Manuals. They provide a reliable and objective basis for the work of auditors, for the assessment of work performance and for the revision of the quality of work performed.
The Audit Guidelines and Audit Manuals are internal regulations designed to harmonize the operations within NAA and to ease the work of the auditors. They follow the Public Auditing Standards. In accordance with its strategy the NAA regularly evaluates its experience gained on applying the audit rules and keeps them up to date.

Chapter II

Types of Audit

2.1 The NAA conducts the types of audits stated in Art. 5 to 12 of the Audit Law. These audits content elements of Compliance Audit, Financial Audit and Performance Audit.

2.2 Financial Audit

In financial audit the auditors analyze whether the financial operations and the financial statements of the audited entities comply with acceptable accounting standards.

Generally the financial audit aims at the certification of the financial statements.

2.3 Compliance Audit

The compliance audit determines whether an operation of the audited entity has or has not followed applicable rules. It focuses on the operations of organizations and functions, on the implementation of programs, and on the financial statements of the entities.

The Compliance audit is especially important when decision makers need to know if the laws and regulations are being followed, whether they are having the desired results, and, if not, what revisions are necessary.

2.4 Performance Audit

The performance audit (or “value for money audit”) assesses whether the use of public funds has been managed economically, efficiently and effectively. The auditors analyze the economy and efficiency with which the resources are required and used, and the effectiveness with which objectives have been met. It also covers the appropriateness of operations and transactions including target achievements.

The performance audit may vary considerably in scope and nature. It may focus on whether the resources have been applied in a sound manner, or on assessing the impacts of policies and programs.

Chapter III

General Standards in Public Auditing

3.1 Independence

3.1.1 The Audit Law guarantees the independence of the NAA as the supreme audit institution in Cambodia. The NAA carries out its audits objectively and without prejudice and political influence. The NAA has to pay attention that none of its activities militates against its independence and objective in discharge of its mandate, especially when NAA gives advice to the audited entities, e.g. to improve the organization or the procedures of the audited entities.

Article 1 of the Audit Law concentrates all external audit functions concerning the Royal Government to the NAA.

3.1.2 The provisions of appointment of the Auditor General and the Deputy Auditor Generals laid down in Audit Law (Art 18, 19 Audit Law) reinforce the independence of the NAA.

3.1.3 Neither constitutional bodies nor other institutions in and outside Cambodia have the power to instruct the NAA to carry out, modify or refrain from carrying out an audit or suppress the NAA to modify audit findings, conclusions and recommendations.

Only to execute NAA's obligation of accountability, the National Assembly may establish a special commission to review the financial activities and operations of the NAA (Art 40 Audit Law of the Royal Government of Cambodia).

3.1.4 The National Assembly, Senate, Royal Government or any Cambodian public institution may request the NAA to carry out audits. The decision on accepting or declining the request is in the discretion of the Auditor General.

3.1.5 The Auditor General decides to his discretion on the Audit Opinion and Audit Report. He may freely determine NAA's audit strategy, professional rules, audit methods and procedures, operations and organization, and delegate these decisions to any member of NAA's management.

- 3.1.6 The NAA is entitled to be provided with sufficient financial, personnel and physical resources for which it is accountable, as well as for the effective exercise of its mandate.

The proposals of the NAA to its draft budget should be cut for unavoidable reasons only. Any imposition of resource which would constrain NAA's exercise of its mandate is an appropriate matter for report by the NAA to the National Assembly, Senate and the Royal Government.

- 3.1.7 The public acceptance of the independence and mission of the NAA is important for the effective fulfillment of its task. In this regard, the Auditor General has the mandate, to undertake an educational role to disseminate the NAA's independence and mission at appropriate opportunities.

3.2 Integrity

- 3.2.1 The auditors of the NAA adhere to the Internal Code of Ethics of the NAA and the INTOSAI Code of Ethics.
- 3.2.2 The auditors of the NAA work objectively, impartially and independently from external influences. The NAA discharges its mandate freely and impartially in forming audit opinions, conclusions, and recommendations, taking management view of the audited entities into consideration, but owing no responsibility to the management of the audited entities for the scope or nature of the audit undertaken.
- 3.2.3 If the auditors give advice, they clearly indicate that this advice fully complies with the audit objective.

3.3 Conflict of Interest

- 3.3.1 The auditors of the NAA generate a high standard of integrity. They must avoid any situation and behavior that may provide an opportunity for suspicion and reproach. In case of close affiliation with the management of the audited entities such as social kinship or other relationship conducive to

lessening of objectivity the auditors will not be assigned to audit that entity.

- 3.3.2 The auditors of the NAA are bound by strict rules of incompatibility. To avoid conflict of interest the auditors of the NAA are not allowed to become members of management committees of the audited entities. The auditors have the duty to refuse gifts and gratuities which could influence their independence.

In case of potential conflict of interest the auditors of the NAA report the facts to the superior.

3.4 Confidentiality

- 3.4.1 The NAA and its auditors maintain confidentiality regarding audit matters and audit findings. They do not disclose information obtained in the auditing process to third parties, either orally or in writing, except of meeting a legal duty.
- 3.4.2 The NAA is entitled to report offences against the law to proper prosecuting authorities.
- 3.4.3 In case of suspicion of fraud and corruption, the auditors without delay report the findings to the superior, who decides on the further procedure.

3.5 Competence

- 3.5.1 The staff of the NAA is equipped with appropriate skills and training to perform its tasks effectively.
- 3.5.2 Generally, the auditors of the NAA possess a degree in higher education or an equivalent degree with proper certification in accounting, economics, law, engineering etc. Basically, they have to be familiar with the legal provisions of the NAA, the accounting and auditing standards.
The NAA regularly maintains an inventory of skills of its auditors to identify needs of professional development. The NAA defines training programmes in line with strategic objectives and planned audits which auditors are required to participate.
To maintain the quality of audits, the NAA communicates

continuously with its staff on new audit policies, standards and practices.

- 3.5.3 The auditors of the NAA are alert of situations and unusual transactions which could be indicators of fraud or improper or unlawful expenditure, unauthorized operations, waste, inefficiency or lack of probity.
- 3.5.4 The expanding audit role of the auditors of the NAA requires them to develop and conduct new techniques of audit. The auditors of the NAA avail themselves methodology of other disciplines.

3.6 Due Professional Care

- 3.6.1 The auditors of the NAA exercise due care in specifying, gathering and evaluating audit evidence and in reporting the findings, judgement, recommendations, and conclusions.
- 3.6.2 The auditors of the NAA do not undertake work they are not competent to perform.
Not each auditor can be competent in all aspects of the audit mandate, but the team involved in a particular audit collectively possesses the necessary skills and expertise.
- 3.6.3 In case of a capacity gap in the NAA the Auditor General may contract external experts to support the audit teams. The external experts have to exercise the same due care and comply with the same standard the NAA's auditors have follow.
The NAA is responsible for the careful selection and control of the experts, and for their opinion. The NAA informs the audited entity concerned about the external experts.
The NAA adheres to these rules when it delegates parts of its mandate to other entities.

3.7 Power of Information

- 3.7.1 The Audit Law stipulates in Art 30 to 32 the comprehensive right of the NAA to gather information related to its tasks, to enter and remain on the audited entity's premises and to freely access to public documents, reports and properties.

- 3.7.2 This right includes collecting of information on financial transactions and other relevant documents.
- 3.7.3 If it is necessary and relevant to the discharge of NAA's responsibility, audited entities have to permit the NAA access to sensitive information.
- 3.7.4 Each request of the NAA for information or documents indicates that this is necessary for carrying out its tasks. There is no further need for justifying the request.

3.8 Quality Assurance

3.8.1 The NAA has internal systems of quality control which supervise the integral quality assurance process, ensure the quality of the audit report, secure improvement and avoid repetition of weaknesses.

3.8.2 Senior members of the staff supervise the work of the auditors at each level and audit phase with the regard to the substance and the method of auditing.

The supervision secures that

- the members of the audit team have a clear and consistent understanding auf the Audit Plan
- the audit is carried out with the Public Auditing Standards and the practices of the NAA
- the Audit Plan and the steps laid down during audit preparation are followed unless a variation is authorized
- Working Papers contain evidence adequately supporting all conclusions, recommendations and opinions, and
- the auditor achieves the stated audit objectives.

3.8.3 The Audit Reports of the NAA are supervised by senior members of the staff before they are finalized.

The supervision of the Audit Reports ensures that the audit conclusion, recommendation and opinion correspond with the audit findings.

3.8.4 The objective of the quality assurance of the NAA is that:

- All evaluations and conclusions are soundly based and are

supported by competent, relevant and reasonable audit evidence as the foundation for the final audit opinion and report

- All errors, deficiencies and unusual matters have been properly identified, documented, and either satisfactorily resolved or brought to the attention of NAA's senior staff members.
- Changes and improvement necessary to the conduct of future audits are identified, recorded and taken into account in later audit plans and in staff development activities.

3.8.5 In order to enhance the quality of audit work, the NAA may request a Peer Review conducted by an internationally recommended Supreme Audit Institution of another country.

3.9 Cooperation with External Entities

3.9.1 The NAA cooperates with ministries, institutions and the public in the Kingdom of Cambodia.

3.9.2 In order to avail itself of the advice of experienced members of the profession at large, the NAA cooperates with academic institutions and enters formal relationships with professional bodies. The NAA acts with caution that this cooperation does not inhibit its independence and objectivity.

The NAA encourages its staff to become members of professional bodies relevant to their work and to participate in that bodies' activities.

3.9.3 To benefit from the experience of other audit institutions and their international network, the NAA is member of INTOSAI (the International Organization of Supreme Audit Institutions), its regional working group ASOSAI, and other international corporations which are engaged in auditing and accounting matters.

Chapter IV

Field Standards in Public Auditing

4.1 Annual Audit Plan

4.1.1 In the fourth quarter of the year the NAA compiles the Annual Audit Plan for the next year.

4.1.2 The basics for designing the Annual Audit Plan are:

- the list of all audited entities (Art 2 Audit Law of the Royal Government of Cambodia),
- the list of budget volume of these organizations,
- findings and opinions of the auditors of the NAA generated in previous audits,
- information from stakeholders and other external persons and institutions, and
- the comprehensive data base of all facts about the potential audited entities of NAA.

The staff of the NAA updates this data base permanently throughout the year. With this data the NAA has a tool to identify areas of materiality and vulnerability and areas of potential improvement.

4.1.3 In the Annual Audit Plan, the NAA gives priority to its obligatory audits, which must be undertaken by law, in particular the audit of the yearly draft budget settlement.

The audits by request are to be prioritized regarding the financial weight, the audit risks and other criteria of the importance of the planned audit.

4.1.4 The Annual Audit Plan lays down:

- the audit subject
- the objectives, scope and limit of audit
- the entities to be audited and to be included into the field work
- the period of time of the audit

4.1.5 The objectives of the Annual Audit Plan are:

- to use NAA's staff efficiently and economically

- to conduct audits pursuant to the standards, transparently and impartially
- to create a precondition for dependable view on public finance management
- to avoid gaps in audit coverage
- to prefer audit subject of major financial volume, but also include subject of minor financial volume in order to safeguard the integrity of administration.

4.1.6 The Auditor General decides on the Annual Audit Plan taking into consideration the proposals of the departments of the NAA and the suggestions from outside.

4.1.7 The NAA adjusts its Annual Audit Plan with the audits of the past years and the mediumterm audit plan for the next few years.

4.2 Preparation of Audit

4.2.1 Before the start of the Field Work, the responsible Audit Department prepares the audit with great accuracy and emphasis, as this will be the basis of the audit work and of the success of the audit.

4.2.2 The detailed preparation of Field Work assures that an audit of high quality will be carried out in an economic, efficient and effective way and in a timely manner.

4.2.3 The auditors analyze all available information on the audited entities and on the audit topic. This helps to disburden the audited entities as much as possible from the inconvenience and costs caused by the audit performance.

4.2.4 The audit team determines the Audit Schedule/Individual Audit Plan based on the following:

- Objectives, scope and limit of audit
- the materiality of the audit subject,
- the principal issues to be addressed in the course of audit,
- the auditors to conduct the audit,
- the audit methods to be used,
- the timing of audit work especially the period of field work,

- the entities to be included in the audit, and
- the budget of the audit.

4.2.5 The NAA sends the Letter of Notification to the entities to be audited and entities affected by the field work in due time before the start of Field Work. The letter contents the audit topic, the date of beginning the field work, the names of team members, deputy team leader and team leader, and the support requested from the audited entity.

If the notification would jeopardize the purpose of the audit, the NAA exceptionally may omit the prior transmission of the Letter of Notification, but deliver it at the same time as the fieldwork starts.

4.2.6 Each auditor participating in the field work gets an Authorization Letter signed by the Auditor General or staff members assigned by him (Art 30 Audit Law of the Royal Government of Cambodia).

4.3 Audit Field Work

Process of audit

4.3.1 Before the start of the Field Work the leader of the audit team sets up the Audit File, in which the audit team records each phase of the audit. The audit team leader is responsible to keep the Audit File up to date from the start of the Field Work until the closing of the audit.

The Audit File is divided into different sections which contain the relevant documents of each phase of the audit.

When the auditors have finished the Draft Audit Report, the documents verifying the audit opinion are transferred from the Working Papers into the Audit File.

4.3.2 The field work starts with the Opening Discussion. The head of the audit team (or one of its superiors) and the head of the audited entity (or a member in charge) participate in this meeting. The audit team explains the audit topic, the audit objectives, and the audit procedures including the estimated end

of the field work.

- 4.3.3 The auditors commit the field work in an atmosphere of cooperation and mutual respect. They listen to the arguments and explanations of the staff of the audited entity.
- 4.3.4 The senior management of the NAA may take part in the field work any time.
- 4.3.5 In the course of field work, the auditors decide about the details of the audit approach to be adopted and the steps to be taken.
- 4.3.6 The auditors of the NAA take note of any evidence which is relevant for the performance of audit work.
- 4.3.7 After having completed the field work, as a rule, the auditors inform the audited entity in the Closing Discussion orally about the findings, to learn the auditee's opinion about the findings in an early stage and to explain the further audit procedure. The auditors are not authorized to inform the auditee about the expected audit conclusions. If possible, the Closing Discussion is held by the same persons as the Opening Discussion.

Gathering Information

- 4.3.8 The auditors have free and full access to all premises and records of the audited entities. The institutions included in the audit have the duty to provide the NAA with all information and documents needed for the audit, inclusive sensitive information (Art 32 Audit Law of the Royal Government of Cambodia). If an entity refuses to comply with this duty, the auditors without delay inform their superiors.
- 4.3.9 The auditors gather the information in a way that it can be used in the audit report. The relevant content of verbal information may be secured by witnesses present at the meeting or by minutes signed by each participant of the interview.
- 4.3.10 The legal duty of the audited entities to provide the auditors with necessary information includes the duty to draw up the

documents and to deliver, if suitable, copies of those documents to the auditors.

- 4.3.11 The auditors make sure that documents no longer needed, will be returned to the auditees without delay.

Compliance with Laws and Regulations

- 4.3.12 In conducting all types of audit the auditors provide reasonable assurance of detecting errors, irregularities and illegal acts that could significantly affect the audit objectives.
- 4.3.13 The auditors are alert to situations or transactions that could be indicative of illegal acts that may have an direct or indirect effect on the audit results.
- 4.3.14 Any indication that an irregularity, illegal act, fraud or error may have occurred, which could have a material effect on the audit, causes the auditors to extend procedures to confirm or dispel such suspicions.

Audit Evidence

- 4.3.15 The auditors of the NAA carry out the audits until the audit evidence is sufficient, competent, reasonable and relevant to afford a reasonable basis for the findings, judgement and conclusions to be laid down in the Audit Report.
For the financial audit, the auditors thoroughly analyze those financial statements.
- 4.3.16 The auditors adequately document the audit evidence in Working Papers, including the process of the audit beginning from the planning, deviations from the plan, special occurrences, decisions taken, and recommendations for the further process of the audit concerned or for future audits.
- 4.3.17 The Working Papers contain information in written or electronic form, in pictures, in copies, or original items.

Internal Control

- 4.3.18 An internal control system is the means of the Royal Government established by the management of the institutions, ministries and public enterprises in order to provide reasonable assurances which regard to effectiveness of operations, reliability of financial reports and compliance with the applicable laws, regulations, policies, procedures and implementation agreements (Art 43 Audit Law of the Royal Government of Cambodia).
The internal audit units in the ministries, institutions, and public enterprises submit their reports and conclusions to the NAA (Art 41 Audit Law of the Royal Government of Cambodia). The auditors of the NAA may include those ministries and institutions in their audit plan if their audit reports are not clear.
- 4.3.19 Depending on the objectives of the audit being conducted the auditors may assess the effectiveness, efficiency and reliability of the internal control.
- 4.3.20 The NAA may also audit the effect of systems of internal control implemented in the audited entities named in Art 2 Audit Law of the Royal Government of Cambodia.
- 4.3.21 Where accounting or other information systems are computerized, the auditors of the NAA may determine whether internal controls are functioning properly to ensure the integrity, reliability and completeness of the data.

Analysis of Financial Statements

- 4.3.22 In financial audits, the NAA analyzes whether the financial statements comply with the accounting standards for financial reporting and disclosure. The analysis obtains a rational basis for the certification of the financial statements.
- 4.3.23 The analysis ascertains whether the financial statements
- are prepared in accordance with the accounting standards
 - are presented with due consideration to the circumstances of the audited entity

- present sufficient disclosure about its various elements, and
 - evaluate, measure and present its various elements properly.
- 4.3.24 Where the NAA is required to report on the execution of budgetary laws, the audit should include:
- for revenue accounts, ascertaining whether forecasts are those of the initial budget, and whether the audits of taxes, duties, and nontax revenues records, and receipts of revenues and imputed receipts could be carried out by comparison with the previous annual financial statements of the audited entities.
 - for expenditure accounts, verifying credits to assist budgets, adjustment laws and, for carryovers, the previous year's financial statements.
 - for accounts receivable and accounts payable, verifying the documentation of debt records.
 - for the management of state properties, ascertaining whether the state properties have been properly recorded and administered or not.
 - for the practice of accounting principles and the internal management system of the audited entities.

4.4 Audit Findings

- 4.4.1 After the end of the field work, the auditors work out the Draft Audit Report.
- 4.4.2 The Draft Audit Report consists of
- the audit findings that are relevant for the assessing of the operations and transactions for the auditee, and
 - judgement and recommendations of the NAA.
- In case of financial audit, the Draft Audit Report contains the supposable opinion of the Auditor General on the audited financial statement.
- 4.4.3 The NAA asks the audited entity to comment the Draft Audit Report within 28 days.
- 4.4.4 The auditors analyze the comments of the audited entity on the Draft Audit Report, and submit the results to their superiors.

The NAA is free to adopt the comments of the audited entity into the Audit Report or not. If the NAA considers the comments are not clear for the Audit Report, the NAA may ask the audited entity for further comments or, if suitable, for meetings to discuss the matter to be reported.

- 4.4.5 When in the opinion of the NAA the audit findings and its assessment are clear, the NAA finalizes the Audit Report.

Chapter V

Reporting Standards in Public Auditing

- 5.1.1 The NAA sends its Audit Reports directly to the National Assembly and Senate, to the Royal Government for its information, to the audited entities and to other related institutions (Art. 14 and 24 Audit Law of the Royal Government of Cambodia). The NAA publishes its Audit Reports in accordance with Article 29 of the Audit Law.
- 5.1.2 The NAA reports timely and in a manner that is easy to understand and free from vagueness or ambiguity. The Audit Reports set out the findings in an appropriate form, and include only information which is supported by sufficient, competent reasonable, and relevant evidence, and which is independent, objective and constructive.
- 5.1.3 The fairness of NAA's reporting applies the presentation of the audited entity's response to the matter raised, especially in performance audit reports.
- 5.1.4 The Audit Reports of NAA respect the confidentiality of information, the right of third parties, and the requirements of data protection (Chapter 7 Audit Law of the Royal Government of Cambodia).

5.2 Financial Audit Report

- 5.2.1 In general, the Financial Audit Reports of the NAA contain the results of the analyses described in No. 4.3.23 and 4.3.24.
- 5.2.2 In the Audit Report on the yearly statements of the budget settlement (Art 22 Audit Law of the Royal Government of Cambodia) the Auditor General certifies the financial statement of the Royal Government.
- 5.2.3 The Auditor General gives his opinion relating to the financial statement as a whole.
- An "Unqualified Opinion" is given when the Auditor General is satisfied with the financial statements in all material respects. That means that

- the financial statements have been prepared using acceptable accounting bases and policies which have been consistently applied;
- the statements comply with statutory requirements and relevant regulations;
- the view presented by the financial statements is consistent with NAA's knowledge of the audited entity;
- there is adequate disclosure of all material matters to the financial statements.

When the Auditor General is satisfied with the financial statements, but wants to draw attention to unusual or important matters, he may give his unqualified opinion with "emphasis of matter". The references which are meant as emphasis of matter are contained in a separate paragraph from the opinion, to state clearly that the opinion is unqualified.

- A "Qualified Opinion" is given when the Auditor General disagrees with or is uncertain about one or more particular items in the financial statements which are material but not fundamental to an understanding of the statements. The wording of the opinion normally indicates a satisfactory outcome to the audit subject to a clear and concise statement of the matters of disagreement or uncertainty giving rise to the qualified opinion.
- An "Adverse Opinion" is given when the Auditor General is unable to form an opinion on the financial statements taken as a whole. In this case, the disagreement is so fundamental that it undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate. The wording makes clear that the financial statements are not fairly stated, specifying all the matters of disagreement.
- A "Disclaimer of Opinion" is given when the Auditor General is unable to arrive at an opinion regarding the financial statements taken as a whole. The uncertainty or

scope restriction of the financial statements is so fundamental that an opinion which is qualified in certain respects would not be adequate. The wording of the disclaimer makes clear that an opinion cannot be given, specifying all matters of uncertainty and scope restrictions.

5.3 Performance Audit Report

- 5.3.1 The performance audit is more open to interpretation, discussion, reasonable arguments and judgements, and its reports vary to its wide ranging nature. The reports of performance audit are therefore varied.
- 5.3.2 The Performance Audit Reports do not contain solely criticism, but give independent information, advice or assurance on the level achieved with regard to economy, efficiency and effectiveness.
- 5.3.3 If the conclusions and recommendations of Performance Audit Reports are qualified, auditors have to document it as a guide for action. Generally they suggest what improvements are needed, and the audited entity decides on how to achieve them.

Glossary

Annual Audit Plan

An internal plan of the NAA on the audit work of each year worked out at the end of preceding year.

Auditee/Audited Entities

Entities audited or to be audited by the NAA.

Audit Evidence

Information that forms the foundation, which supports the auditor's or NAA's opinions, conclusions or reports.

Audit File

Contains relevant documents recorded in each phase of the audit from the start of the field work to the closing of the audit.

Audit Findings, Conclusion and Recommendations

Findings are the specific evidence gathered by the auditor to satisfy the audit objectives. Conclusions are statements deduced by the auditor from those findings. Recommendations are courses of action suggested by the auditor relating to the audit objectives.

Audit Guideline

Is a guidance which interprets the Auditing Standards in detail.

Audit Law of the Royal Government of Cambodia

Is the Law on Audit of the Royal Government of Cambodia which was promulgated by Royal Kram CS/RKM/0300/10 dated 03 March 2000.

Audit Mandate

The auditing responsibilities, powers, discretions and duties conferred on the NAA under the Audit Law or other Regulations.

Audit Manual,

Is the audit guide that explicitly explains the audit method. It is created for the specific type of audit.

Audit Objective

A precise statement of what the audit intends to accomplish and/or the question the audit will answer. This may include financial, regularity or performance issues.

Audit Results (Results)

The final result of the audit which contains the audit findings, judgements and recommendations.

Audit Scope

The framework, limits and subjects of the audit.

Closing Discussion

Meeting between the audit team and the auditee at the end of the field work.

Draft Audit Report

The auditors design the Draft Audit Report. NAA sends the parts to the auditees concerned for comments. After the NAA acknowledged the comments on the Draft Audit Report, the Audit Report is finalized and issued to the constitutional bodies and to the public.

Economy

Minimizing the cost of resources used for an activity, having regarded to the appropriate quality.

Effectiveness

The extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity.

Efficiency

The relationship between the output, in terms of goods, services or other results, and the resources used to produce them.

Independence

The freedom of the NAA in auditing matters to act in accordance with its audit mandate without external direction or interference of any kind.

Internal Audit

The functional means by which the management of an entity receive an assurance from internal sources that the processes for which they are accountable are operating in a manner which will minimize the probability of the occurrence of fraud, error or inefficient and uneconomic practices. It has many of the characteristics of external audit but may properly carry out the directions of the level of management to which it reports.

Internal Control

The whole system of financial and other controls, including the organizational structure, methods, procedures and internal audit, established by management within its corporate goals, to assist in conducting the business of the audited entity in a regular economic, efficient and effective manner; ensuring adherence to management policies; safeguarding assets and resources; securing the accuracy and completeness of accounting records; and producing timely and reliable financial and management information.

International Organization of Supreme Audit Institutions (INTOSAI)

An international and independent body which aims at promoting the exchange of ideas and experience between Supreme Audit Institutions in the sphere of public financial control.

Judgements

Judgements are statements deduced by the auditor from audit findings.

Legality,

Things that are allowed by or comply with the law.

Letter of Notification

Letter of the NAA to the audited entity which announces the audit.

Materiality and Significance (Material)

In general terms, a matter may be judged material if knowledge of it would be likely to influence the user of the financial statements or the performance audit report.

Opening Discussion

Meeting of the auditors of NAA with the audited entity at the beginning of the field work.

Opinion

The NAA's or auditor's written conclusions on a set of financial statements as the result of a audit.

Performance Audit

Is a kind of audit which assesses the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out its responsibilities. In some countries this kind of audit is called "Value for Money Audit".

Public Accountability

The obligations of persons and entities, including public enterprises and corporations, entrusted with public resources to be answerable for the fiscal, managerial and program responsibilities that have been conferred on them, and to report to those that have conferred these responsibilities on them.

Recommendations

Recommendations are courses of action suggested by the auditor relating to the audit objectives.

Reporting Standards

The framework the auditor uses to report the audit findings.

Supervision

An essential requirement in auditing which entails proper leadership, direction and control at all stages to ensure a competent, effective link between the activities, procedures and tests that are carried out and the aims to be achieved.

Supreme Audit Institution (SAI)

The public body of a State that exercises the highest public auditing function.

Working Papers

The notes and documents made or gathered by the auditors during the field work.

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