



**អាជ្ញាធរសវនកម្មជាតិ**

**NATIONAL AUDIT AUTHORITY**

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# Content

**1. Introduction**

**2. The Structure of the *Rectangular Strategy of the Government***

**3. National Audit Authority Mandate**

**4. Public financial Management Reform Stage Two**

**5. Combating corruption and Financial Mismanagement**

**6. The Role of NAA in improving Governance and Control**

**7. Conclusion**



# 1. INTRODUCTION

Make every efforts to mobilize the whole nation, both in and outside the country, to settle under the roof of the constitution of the Kingdom of Cambodia and under the motto of nation, “***Nation-Religion-King***”, irrespective of political trend, past, gender, faith, birth of origin, nationality and social position so as to work for national development, for defense of the motherland and lasting achievements that have been scored since the January 7 victory day.



# 1. INTRODUCTION

Adheres firmly to and liberal democratic policy system; make every effort to strengthen and widen stronger democracy in society corresponding to demands for socio- economic development and people's poverty alleviation. Builds Cambodia a rule of law, sufficient legal systems, wide-ranging legal awareness service, effective law observance, equality for all before the law and social justice. Prevents actions in breach of law, impunity, violence and discrimination.



## 2. The Structure of the *Rectangular Strategy of the Government*

**First**, the core of the *Rectangular Strategy* is **good governance** focused at four reform areas:

- (1) anti-corruption,
- (2) legal and judicial reform,
- (3) public administration reform including decentralization and deconcentration, and
- (4) reform of the armed forces, especially demobilization;



## 2. The Structure of the *Rectangular Strategy of the Government*

**Second**, the environment for the implementation of *Rectangular Strategy* consists of four elements:

- (1) peace, political stability and social order;
- (2) partnership in development with all stakeholders, including the private sector, donor community and civil society;
- (3) favorable macroeconomic and financial environment; and
- (4) the integration of Cambodia into the region and the world.



## 2.The Structure of the *Rectangular Strategy of the Government*

***Third,*** the four strategic “growth rectangles” are:

- (1) enhancement of agricultural sector;
- (2) private sector growth and employment;
- (3) continued rehabilitation and construction of physical infrastructure; and
- (4) capacity building and human resource development.



## 2. The Structure of the *Rectangular Strategy of the Government*

***Fourth***, each strategic “growth rectangle” has four sides

***Rectangle 1: Enhancement of Agricultural Sector*** which covers

***Rectangle 2: Continued Rehabilitation and Construction of Physical Infrastructure***, involving

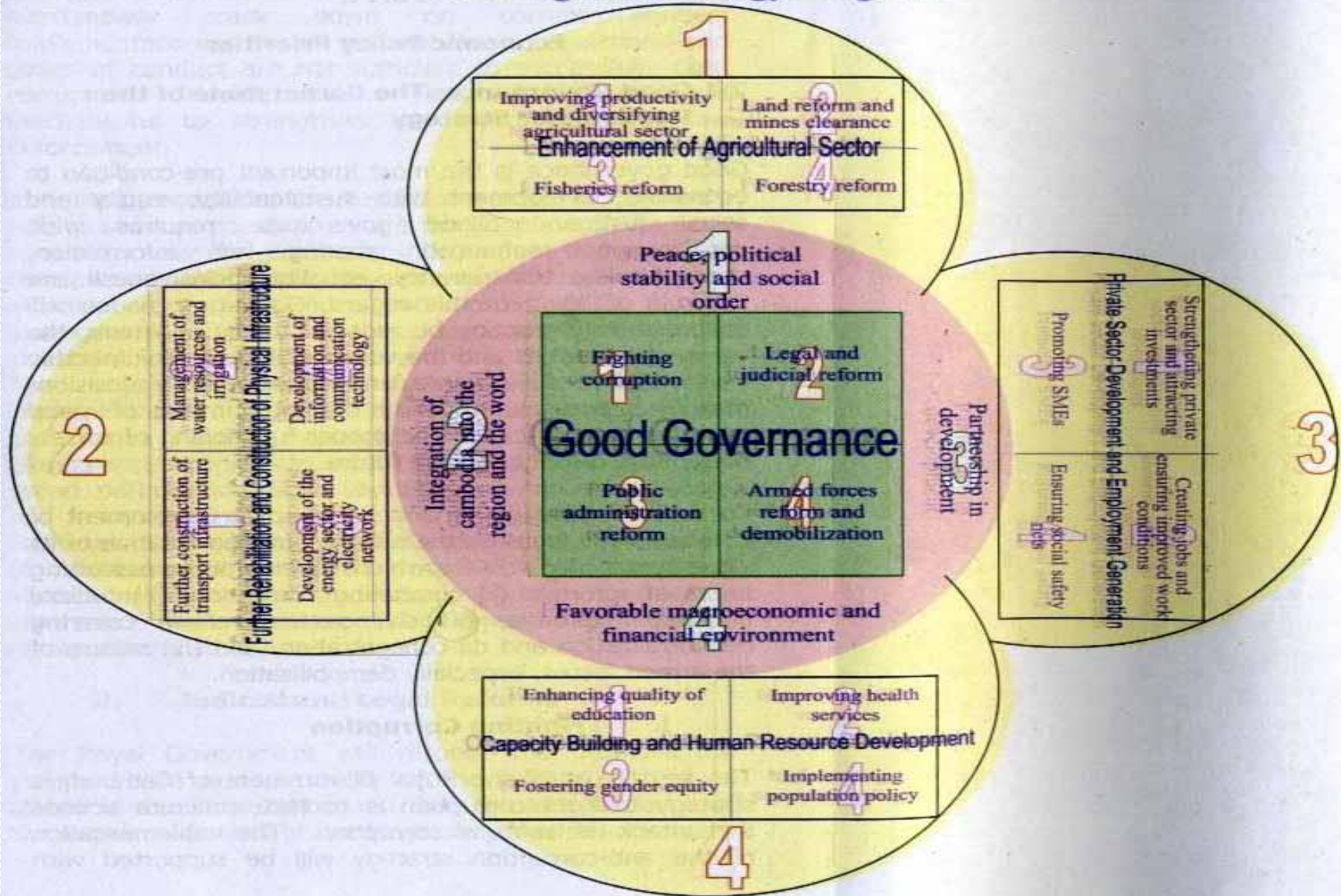
***Rectangle 3: Private Sector Growth and Employment***

***Rectangle 4: Capacity Building and Human Resource Development***,





## Rectangular Strategy Diagram



### 3. National Audit Authority Mandate

The national Audit Authority of Cambodia (NAA) was established in 2000 as the supreme audit institution "SAI"

Promulgation of Law on Audit by Royal Decree date 3 March 2000

The NAA is a member of INTOSAI and the ASOSAI regional group.



### 3. National Audit Authority Mandate

The NAA is an independent public entity with its own separate budget provided from the nation budget

the NAA reports directly to the National Assembly and Senate, and royal government for information purposes.

NAA has 218 official and 30 contracted personnel, the NAA has placed a priority on capacity building for its staff and strengthening the quality of audit work.



# 4. Public financial Management Reform Stage Two

- Continued efforts to enhance revenue mobilization, including management of potential revenue from the mining and oil sectors;
- Fuller integration of the capital and recurrent elements of the budget, in particular for wages and externally-financed investment spending, as this is critical for the budget to be used as an effective macroeconomic policy tool;
- A more comprehensive budget, including efforts to bring remaining off-budget revenues and expenditures onto the budget
- Further improving government accounting and reporting, in particular for domestic investment spending;



## 4. Public financial Management Reform Stage Two

- Continuing to improve cash management and consolidate government bank accounts, so as to introduce a treasury single account for executing government transactions;
- Enhancing capacity building measures; and
- A functional review and restructuring of organizational arrangements in the Ministry of Economy and Finance, to enable it to respond better to evolving and complex challenges.



# 5. Combating corruption and Financial Mismanagement

- Strengthened budget credibility
- Accountability for results to Parliament and the people;
- Full transparency in all Government transactions;
- Strong, professional, independent oversight by a Supreme Audit Institution, and elimination of duplication in the audit function.



## 6. The Role of NAA in improving Governance and Control

NAA is focused to improving the internal control framework with the organization to assure that public that these operations attain some basic fiduciary standards:

- In guarding against the misuse,
- Inefficient use, of financial and human resources; safeguarding asset;
- achieving budgetary objectives as set out in government policies and spending plans;
- countering fraud and error; and maintaining satisfactory accounting record to enable the organization to produce timely and reliable financial and management report.





## 6. The Role of NAA in improving Governance and Control

Many area of audit engagement has been recommended to the government such as

1. in proper collect tax and custom revenue in accordant with the law of government;
2. unsound the accounting system;
3. internal control weakness in government revenues ( tax revenues and non- tax revenue), expenditures, ending cash balance, assets, and debt management;
4. incompliance in managing government revenues, expenditure and assets





## 6. The Role of NAA in improving Governance and Control

NAA gave important recommendation to government as following:

- ✓ To improve government accounting system and policy;
- ✓ To improve internal control in the government revenues- especially tax revenues, expenditures, and ending cash balance, to make reconciliation of revenue and expenditure between treasury (under of ministry of finance) and ministries, line ministries, local authority and agencies effective;
- ✓ To set up the treasury single account and close unnecessary government's accounts in order to manage government cash balance;
- ✓ To manage government fixed assets properly. and
- ✓ To manage properly government debts.



## **6. The Role of NAA in improving Governance and Control**

NAA tries to implement transparency and accountability in order to lead by example, this can be from the publishing audit report for the public society; issued the budget settlement (government financial statement to the parliament, senate and copy to government. Open for peer review by other Supreme Audit Institution under INTOSAI guideline.



# 7. Conclusion

NAA plays a significant contribution to improve governance and control by conducting financial audit, performance audit, compliance audit, and special purpose audit by the parliament. Concerning the audit and recommendation function, NAA improve the internal control of the government by giving specific recommendations in order to speed up the Public Financial Management Reform for strengthened budget credibility.



Thank you for  
your attention

