

Audit Profile: National Audit Authority of Cambodia

By Chan Tani, Auditor-General of Cambodia

In 1996, the Asian Development Bank funded a technical assistance project to help draft Cambodia's Law on Audit, which was subsequently approved by the National Assembly in March 2000. The National Audit Authority (NAA) began operations in early 2002 and, since that time, has continued to receive significant assistance from the Asian Development Bank. In April 2003, the Federal Republic of Germany assigned an audit consultant to work with the NAA for 2 years, and in 2004 the World Bank sponsored the participation of two NAA auditors in the 2004 International Auditor Fellowship Program organized by the U.S. Government Accountability Office (GAO). These efforts, along with other overseas professional training courses, greatly contributed to capacity building in the NAA and enhanced its ability to perform its audit work effectively. NAA became a member of INTOSAI in December 2002 and a member of ASOSAI in March 2004.

Legal Authority and Independence

Under article 18 of the Law on Audit of the Kingdom of Cambodia, the auditor-general and the two deputy auditors-general are to be appointed by royal decree on the recommendation of the royal government and approved by a two-thirds majority of members of the National Assembly.

The auditor-general and deputy auditors-general are appointed for 5-year terms and may be reappointed for an additional term. If the auditor-general or a deputy auditor-general dies, resigns, becomes disabled, or commits a serious mistake, a new auditor-general or deputy auditor-general will be appointed under the terms and conditions stated in the Law on Audit of the Kingdom of Cambodia.

The NAA is an independent public entity with its own separate budget provided from the national budget. Its revenues and expenditures are governed by the financial system of law. The NAA reports directly to the National Assembly, Senate, and royal government for information purposes.

Organization

The auditor-general and two deputy auditors-general govern the NAA, which consists of the Secretariat General, the Administration and Finance Department, the Technical Department, and three audit departments.

The Secretariat-General is responsible for (1) planning, coordinating, and monitoring the work of the departments and preparing final audit reports, (2) defining policies, objectives, and goals and following up on implementation, (3) proposing staff promotions and determining salaries, fringe benefits, payments and bonuses, and (4) coordinating with national and international institutions.

The **Administration and Finance Department** is responsible for handling administrative work, personnel, protocols, security, logistics, and payroll.

The **Technical Department** is responsible for research and development, litigation, the library, information technology, and training.

The **three audit departments** are responsible for auditing ministries; institutions; agencies; authorities; the national bank; state financial institutions; state and private sector joint-venture financial institutions; public enterprises; public establishments; municipal, provincial, and local government offices; contractors; suppliers of goods and services to the government under contracts; and other organizations receiving financial assistance and concessions from the government.

Mandate

Under the Law on Audit of the Kingdom of Cambodia, the NAA has authority to audit all the ministries, institutions, and entities mentioned in the preceding paragraph. In performing its work, the NAA conducts compliance, financial, and performance audits at its own initiative or at the request of the Finance and Banking Commission of the National Assembly, the National Assembly, the Senate, ministries, and institutions or authorities. The auditor-general may conduct special request audits at his/her discretion.

Under the Law on Audit, auditors have full and free access to documents, reports, or properties belonging to audited entities. Any authorized official who obtains information directly or indirectly during the fulfillment of his/her work must not disclose, divulge, or leak that information to the public.

Reporting

At the completion of each audit assignment, the auditor-general sends a draft audit report to the head of the audited entity. Reports address any irregularities found in the accounting records, monetary or public assets, and financial management of the entity. If the head of the audited entity responds in writing to the auditor-general within 28 days of receiving the draft report, the auditor-general considers the comments before preparing a final audit report. Otherwise, the draft audit report is considered final. This audit report is submitted to the National Assembly, the Senate, the Council of Ministers, and the Ministry of Economy and Finance.

The auditor-general reports regularly to the National Assembly and the Senate on any problem arising from the conduct of his/her audit duties.

Staff

In order to achieve its mission and attain a high level of output, the NAA has devoted considerable attention to staffing. Currently, 153 out of 196 employees are auditors recruited from various ministries and universities. Auditors must hold at least a bachelor's degree.

In addition, the NAA is currently receiving technical assistance from two external consultants, one from Germany and the other from the Asian Development Bank.

Future Prospects

The NAA has placed a priority on capacity building for its staff and strengthening the quality of its audit work. Its strategic plan for the coming years focuses on

- conducting professional training for the audit staff;
- establishing auditing standards, audit manuals, and audit guidelines; and
- standardizing audit processes and procedures.

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