

Financial Management Assessment Report

Project Number: 53243-001
Grant Number: 9681
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Kingdom of Cambodia: Community-Based Tourism COVID-19 Recovery Project

ABBREVIATIONS

APFS	–	audited project financial statements
ACU	–	Anti-Corruption Unit
ADB	–	Asian Development Bank
CPS	–	country partnership strategy
CSAF	–	Civil Society Alliance Forum
EA	–	executive agency
FM	–	financial management
FMA	–	financial management assessment
FMAP	–	financial management action plan
FMAR	–	financial management assessment report
FMM	–	financial management manual
IAD	–	Internal Audit Department
MEF	–	Ministry of Economy and Finance
NAA	–	National Audit Authority
OCM	–	Office of the Council of Ministers
PAM	–	project administration manual
PCU	–	project coordination unit
PIU	–	provincial implementation unit
PFM	–	public financial management
PFMRP	–	public financial management reform program
SOP	–	standard operating procedures
SOE	–	statement of expenditure
SNAs	–	sub-national administrations
WA	–	withdrawal application

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EXECUTIVE SUMMARY

The financial management assessment (FMA) for the Community-Based Tourism for COVID-19 Recovery Project was conducted from August – November 2020 in accordance with Asian Development Bank (ADB)'s Technical Guidance Note for the Financial Management Assessment (2015). The FMA considered the financial management (FM) capacity, staffing, funds flow arrangements, accounting and financial reporting systems, financial information systems, internal and external auditing arrangements of the Civil Society Alliance Forum (CSAF)¹ as the executing agency (EA) of the project. The FMA also considered the FM capacity of the National Authority for the Management of Preah Vihear (NAPV) and Angkor Borei District Administration Office (ABDAO) as implementing agencies.

CSAF will be responsible for overall management, supervision, and execution of the grant. CSAF has established the project coordination unit (PCU) headed by a part-time project director who will implement the project. The project director will be supported by a national project manager and two provincial project managers.

The PCU will be responsible for all day-to-day management of the project, which includes: (i) preparing an overall project implementation plan and detailed work program; (ii) providing monitoring and guidance on the implementation of project works; (iii) conducting all tendering and execution of contracts; (iv) preparing the project progress reports and project completion report; and (v) ensuring full compliance with ADB's policies.

The project implementation units (PIUs) located in Preah Vihear and Phnom Da (Angkor Borei district) will be responsible for: (i) technical support; (ii) FM and safeguards compliance; and (iii) capacity building, governance, and community development.

The major risk factors identified during the assessment that need to be addressed include the following:

- (i) Lack of experience of CSAF, NAPV, and ABDAO in managing externally funded development projects;
- (ii) The finance staff of CSAF, NAPV and ABDAO do not have experience in FM of externally funded development projects;
- (iii) The PCU and PIUs have limited capacity on FM, especially on project financial reporting;
- (iv) There are no formal FM information systems for the project accounting and financial reporting; and
- (v) Lack of internal audit capacity for the EA and IAs.

Based on the risk assessment conducted, **the overall pre-mitigation FM risk for the project is considered High**. The FM action plan (FMAP) for mitigating the identified risks is presented below:

Weakness	Action Plan	Responsibility	Timeline
The PCU and PIU staff lack experience in implementing externally funded projects and	The EA and IAs will each assign a Financial Officer to support the project FM.	CSAF, NAPV, ABDAO	Upon grant effectiveness
	The project to recruit, through	CSAF, NAPV,	Upon grant

¹ CSAF was established in August 23, 2017 as a secretariat under the Office of the Council of Ministers, with a mandate to coordinate development work amongst nongovernment organizations. It is new in implementing externally funded development projects in Cambodia.

Weakness	Action Plan	Responsibility	Timeline
have limited capacity in project FM. In addition, there may be a lack of adequate coordination between PCU and PIUs due to unfamiliarity with project management requirements.	advance contracting, an experienced National Financial Management and Administration Specialist to augment EA's capacity in project FM. For the PCU, the project will recruit an accountant, and for both PIUs, a finance and administration assistant to augment IA's capacity in project FM.	ABDAO, and ADB	effectiveness
	The project to provide, through (i) a training workshop and (ii) on the job training, capacity building support on the following areas: (i) disbursement procedures (ADB's Loan Disbursement Handbook); (ii) FM requirements (FMM, SOP, ADB FM policies and guidelines on project financial reporting); (iii) PAM coordination responsibilities throughout project implementation and (iv) project management.	CSAF, NAPV, ABDAO, and ADB	Upon 3 months of grant effectiveness
The PCU has limited capacity to prepare FMRs and does not have capacity to show financial information and physical progress in one report as shown in the FMM.	The project to provide training and capacity building support on FM requirements (FMM, SOP, ADB FM policies and guidelines on project financial reporting) to ensure understanding on how to prepare comprehensive FMRs and project financial statements.	CSAF, NAPV, ABDAO, National Financial Management and Administration Specialist, and ADB	Upon 6 months of grant effectiveness
EA and IAs have no formal FM information systems/accounting software to record financial transactions. There is a risk of human error and manipulation as Excel spreadsheets are used to record transactions and prepare FMRs.	The project to procure accounting software to help EA and IAs prepare FMRs and project financial statements with ease.	CSAF, NAPV, ABDAO, National Financial Management and Administration Specialist, and ADB	Upon 6 months of grant effectiveness
	The project to provide staff training on proper usage of accounting software to facilitate preparation of FMRs and project financial statements.		One month after procurement of accounting software
Capacity in internal audit is lacking.	The EA to request support from the Office of the Council of Ministers' internal audit department on including the project in its regular internal audit work program to ensure regular and independent reviews of the project's internal controls and processes are conducted.	CSAF	During grant implementation

I. INTRODUCTION

1. This financial management assessment (FMA) report was prepared in accordance with the Asian Development Bank (ADB)'s Technical Guidance Note for Financial Management Assessment (2015). The objectives of the FMA are to assess the financial management (FM) capacity of the executing agency (EA) and implementing agencies (IAs), identify the risks and constraints inherent thereto, and develop an FM action plan (FMAP) to mitigate the identified weaknesses. The FMA may be amended further to reflect subsequent developments and agreements during project implementation. The FMA preparatory activities included reviewing documents, interviewing staff of government agencies, consultants and other stakeholders, and completed with inputs from other references through desk studies. The EA and IAs also completed the FMA questionnaire (FMAQ) and corresponding responses are in Annex 1.

2. The Civil Society Alliance Forum (CSAF) will be the EA for the project. It has established the project coordination unit (PCU) headed by a full-time project director who will be in-charge for the overall project implementation. The project director will be supported by a national project manager and two provincial project managers. The National Authority for the Management of Preah Vihear (NAPV) and Angkor Borei District Administration Office (ABDAO) will be the IAs for the project and will support CSAF in achieving the project outputs.

3. The FMA aims to determine the robustness of the overall FM processes of the CSAF, NAPV, and ABDAO, such as planning and budgeting, management and financial accounting, internal controls, financial reporting and audit arrangements, and their capabilities to meet all the fiduciary requirements which will be set out in the grant agreement and other project documents. The FMA also includes a review of the proposed disbursement and funds-flow arrangements and identified measures for addressing identified deficiencies.

4. An overall FM risk assessment and FMAP shall be agreed upon by ADB, CSAF, NAPV and ABDAO to mitigate identified risks and ensure effective project implementation, following country laws and regulations, as well as ADB's requirements. The implementation progress of the FMAP will be monitored closely by ADB during project implementation to ensure the mitigation of identified FM risks.

II. BRIEF PROJECT DESCRIPTION

5. The proposed Community-Based Tourism COVID-19 Recovery Project in Cambodia is designed to: (i) strengthen local capacity for community-based tourism (CBT) development and promotion; (ii) support implementation of CBT and commercial agricultural livelihood activities; and (iii) enhance community-based public facilities and services.

6. The project's outcome will be tourism developed and income increased in project villages. The resulting impact will be tourism products and destination diversified.

7. The project will be implemented from November 2021 to November 2025.

8. The project is estimated to cost \$3.71 million. The Japan Fund for Prosperous and Resilient Asia and the Pacific will provide grant financing of \$3.00 million, to be administered by ADB. The financing plan is in Table 2. The government will provide (i) income supplement and (ii) in-kind counterpart support in the form of (a) tax exemptions and (b) land on which tourism infrastructure will be constructed. A social enterprise (Teuk Saart 1001) will provide land and co-financing for water filtration equipment, while beneficiaries will provide labor, and agricultural

equipment.

Table 1: Cost Estimates

Item	Amount ^a (\$ million)	Share of Total (%)
A. Base Cost^b		
1. Output 1: Local Capacity for Community-based Tourism Development and Promotion Strengthened	0.34	9.2
2. Output 2: Community-based Tourism and Livelihood Activities Implemented	0.66	17.7
3. Output 3: Community-based Public Facilities and Services Enhanced	1.62	43.5
4. Project Management Activities	0.84	22.8
Subtotal (A)	3.46	93.0
B. Contingencies	0.25	6.7
Total (A+B)	3.71	100.0

^a Includes taxes and duties of \$269,000. Such amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$230,000 on (i) civil works, (ii) consultant remuneration and (iii) a project vehicle by tax exemption. Subject to Government of Japan approval, taxes of \$39,000 will be financed by the proposed JFPR for equipment, recurrent costs, and trainings and workshops.

^b In mid-2021 prices.

Source: ADB estimates.

Table 2: Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Japan Fund for Prosperous and Resilient Asia and the Pacific ^{a,b}	3.00	80.9
Government	0.51	13.7
Social enterprise (Teuk Saart 1001)	0.05	1.3
Beneficiaries	0.15	4.0
Total	3.71	100.0

^a Under consultation and subject to the approval of the financier.

^b Includes vehicle purchase of \$42,000 for project administration.

Source: ADB estimates.

III. COUNTRY AND SECTOR FINANCIAL MANAGEMENT ISSUES

A. Public Financial Management Systems

9. In 2014, the second governance risk assessment was conducted by ADB as part of ADB's country partnership strategy (CPS) 2014–2018. The assessment indicated gradual progress in strengthening public financial management (PFM), mainly from the government's Public Financial Management Reform Program (PFMRP).

10. Under ADB's current CPS 2019-2023, support for governance will continue to focus on PFM for greater transparency and accountability of public expenditures. The government credits ADB with helping to sustain its PFM reform progress and sequence complex reforms. The new CPS plans to continue the ongoing strategic PFM and capacity-building activities with the Ministry of Economy and Finance (MEF) and other selected ministries. Important areas of support include implementation of a new Budget System Reform Strategy, 2018–2023; the Subnational Administration Budget System Reform Strategy (2019-2025); the Revenue Mobilization Strategy, 2019–2023; work on public investment management, and updating of the financial management

information system including extension to subnational levels of government.¹

11. CPS 2019-2023 identifies the main governance fiduciary risks as those relating to: (i) poor FM, (ii) inadequate procurement systems and capacity, and (iii) weak anticorruption institutions. Financial transparency remains weak at both central and subnational levels because of partial implementation of the FM information system, underdeveloped budget policy links, and weak internal and external controls. The capacity to implement laws remains weak, with widespread use of noncompetitive procurement methods, no independent procurement regulator or anticompetition commission, and low identification and prosecution of procurement irregularities. There are two procurement oversight and regulatory bodies under the MEF: (i) the Department of Public Procurement; and (ii) the Department of International Cooperation and Debt Management for externally financed projects. For externally financed projects, the procurement regulations are well developed but implementation capacity remains weak. The government is in the initial stages of assessing the requirements for establishing a single procurement regulatory agency.

12. Under CPS 2019-2023, and in coordination with other development partners, ADB will continue to support the government to: (i) update standard operating procedures and manuals for financial management and procurement to improve the fiduciary control; and (ii) build the capacity of ministries and government agencies. ADB will encourage the development of an electronic procurement system once an independent procurement regulatory agency is established. ADB is also supporting the establishment of an electronic procurement accreditation system. For FM, ADB and other development partners have been continuing the necessary support of the alignment of the National Financial Reporting Standards with the International Public Sector Accounting Standards (IPSAS). The government has submitted a draft road map of its plans and commitments to transition toward the IPSAS. Measures under the CPS include (i) developing FM manuals and disseminating them to more provinces, (ii) improving Cambodia's accounting framework, and (iii) providing technical support for Cambodia's compliance with IPSAS.

13. In addition to measures at the central government level, ADB operations will mainstream good governance practices, especially in FM, procurement, and combating corruption, in all projects at the local government level. ADB's decentralization support will be targeted to address problem areas in project implementation.

B. The Public Financial Management Reform Program

14. The government has been implementing reforms to improve governance, public sector management, and public services. The Rectangular Strategy IV (RSIV)² for Growth, Employment, Equity and Efficiency (2019-2023), implemented through the National Strategic Development Plan (2019-2023), has included PFM, decentralization and deconcentration, public administration, and legal and judicial matters. Both PFM and decentralization and de-concentration reforms have made steady progress in recent years. Public administration reform has emerged with a clearer and more substantive agenda, while progress in legal and judicial reform has been more moderate.

15. The PFMRP has been implemented in four stages since 2005. Some important challenges in budget credibility and accountability have been addressed under stages 1 and 2 respectively, while remaining work in these areas will be continued under stage 3 (budget-policy linkages).

¹ ADB-Country Partnership Strategy, Oct 2019, Cambodia 2019-2023, Inclusive Pathways to a Competitive Economy.

² Government of Cambodia. 2018. Rectangular Strategy for Growth, Employment, Equity, and Efficiency, Phase IV. Phnom Penh.

Overcoming further weaknesses in these areas and in performance accountability (stage 4) to improve public services is the priority of the government reform agenda.

C. Public Financial Management Systems Performance Assessment

16. The second Public Expenditure and Financial Accountability (PEFA) performance assessment for Cambodia was conducted in 2015 and served as a basis for formulating the action plan for continued PFMRP implementation and tracking progress since the first PEFA assessment in 2010.³ Salient findings of 2015 PEFA assessment are presented below.

17. Overall, the government systems showed strong performance (scores of A and B) on aggregate budget outturns for both revenue and expenditure, on transparency in inter-governmental fiscal relations and in orderliness and participation across government in the annual budget formulation process.

18. Most of the PFM functions reflected in the remaining government performance indicators showed significant weaknesses (score C and D), although sub-systems represented by individual indicator dimensions indicated strengths in many narrower, functional areas (in 15 of the remaining 24 government indicators).

19. In general, the donor practice indicators indicate significant weaknesses i.e. low levels of support to or trust in the functioning of government systems from development partners.

20. Specific assessment findings on the impact of *PFM Strengths and Weaknesses* include among others:

1. Aggregate Fiscal Discipline

21. Good performance on the budget outturns has been assisted by realistic revenue forecasting, particularly for tax revenue, and a revenue administration able to bring in planned revenue. The budget preparation process has been orderly and timely. Budget execution reports are produced monthly. Cash flow planning and reliable information for line ministries on which to plan their expenditure commitments are also performing well. Good oversight of public enterprises (PEs) and communes/sangkats has ensured that such entities have not required unplanned demands on government resources.

22. On the other hand, weaknesses remain in many PFM system elements which are important for ensuring aggregate fiscal discipline. Revenue administration systems do not ensure effective registration of taxpayers, or control of their tax liabilities and significant levels of tax arrears are outstanding with little progress in reducing them. The lack of an effective tracking system for invoices for goods and services means that the extent and trajectory of arrears on payments to suppliers is not known. In addition, poor predictability in the disbursement of budget support from international development partners remains.

2. Strategic Allocation of Resources

23. PFM systems strengths include the orderly and participatory approach to the annual

³ Government of Cambodia. 31 December 2015. Report of the Evaluation on the Public Financial Management System of Cambodia based on Public Expenditure and Financial Accountability Methodology; General Secretariat of Steering Committee of the Public Financial Management Reform. Phnom Penh.

budget formulation, including a timely and well-organized legislative review as well as reliable and timely information provided on the transfers to communes and sangkats, which prepare their own budgets independently.

24. PFM systems do not well support strong policy-budget links in resource allocation as strategic sector planning remains weak, except for health and education, resulting in weak links to selection of capital investment projects and lacking consideration of the recurrent budget implications of completed projects. Also, the medium-term expenditure framework is not fully developed and integrated into the budgeting process, with clear links from one budgeting cycle to the next except for budget aggregates.

25. Furthermore, monitoring of budget allocations and their use is undermined by the lack of a unified chart of accounts which reflects classifications based on sector, function and program and lack of detailed reporting on implementation of externally funded projects which constitute three quarters of public investments as well as weak systems available to track to what extent resources reach service delivery units.

26. The system is also subject to frequent and significant in-year reallocations, facilitated by extensive powers given to the Minister of MEF by legislation. As a result, the actual allocation of resources during budget execution tends to deviate significantly from the policy intent reflected in the government's budget proposals, which are usually approved by the legislature with only very minor amendments.

3. Efficient Service Delivery

27. The high level of predictability in funds available to line ministries and agencies during budget execution and to communes/sangkats support efficient service delivery. It is uncertain, however, how strong the system would perform in the case of major shocks affecting aggregate revenue intake, as the commitment control systems are incomplete.

28. Of particular concern for efficient use of resources is the poor performance of monitoring and transparency of the procurement systems as well as the lack of an independent complaints body. Combined with significant delays in paying suppliers for goods and services resulting in increased prices to cover financing of outstanding invoices, the government is unlikely to generate good value for money on much of its expenditure. Deficiencies in the internal control systems as well as limited effectiveness of the external oversight functions, despite timely and orderly reviews by the legislature, and low extent of public transparency reinforces the view that much could be done to improve efficiency in use of public resources.

4. Integrity of Fiscal Information

29. The assessment of many of the performance indicators referred to above rely on the fiscal data available. However, this fiscal data may not always be reliable. Some of the performance indicators help to understand the integrity of the available fiscal information.

30. In this respect, a number of weaknesses should be noted. Apart from incomplete coverage of government operations by budget documentation and failure to comprehensively monitor expenditure arrears, weaknesses are found in the data reconciliation and reporting functions. Furthermore, significant weaknesses have also been identified in the functions that are supposed to regularly monitor the comprehensiveness and accuracy of revenue and expenditure records and lead to mitigation of control weaknesses, including the internal audit function, and the

response to external audits.

IV. PROJECT FINANCIAL MANAGEMENT SYSTEM

A. Overview

31. **National Project Steering Committee.** Supervision, coordination, management, and implementation of the project will be undertaken at the national, provincial, and community levels. The Council of Ministers Interministerial Committee will act as the National Project Steering Committee (NPSC), which will meet bi-annually to review project progress, provide policy guidance, and facilitate interagency coordination and exchange of lessons learned. The NPSC will be chaired by the Chairman of the Council of Ministers Interministerial Committee and co-chaired by Secretary of State and Deputy Director of the Prime Minister's Cabinet. The NPSC includes (i) the Chair; (ii) the Co-chair; (iii) members of the Interministerial Committee which represent different technical ministries, including (a) Economy and Finance; (b) Agriculture, Forestry and Fisheries; (c) Rural Development, (d) Environment; (e) Culture and Fine Arts; (f) Tourism. In addition, District Governors of Choam Khsant district and Angkor Borei district and UNESCO representative will also attend the NPSC.

32. **Executing Agency / Project Coordination Unit.** CSAF is the EA of the proposed project. It was established in 2017 as a secretariat under the Office of the Council of Ministers (OCM), with a mandate to coordinate development work amongst nongovernment organizations, community associations and unions with the government in accordance with policy context of the government.

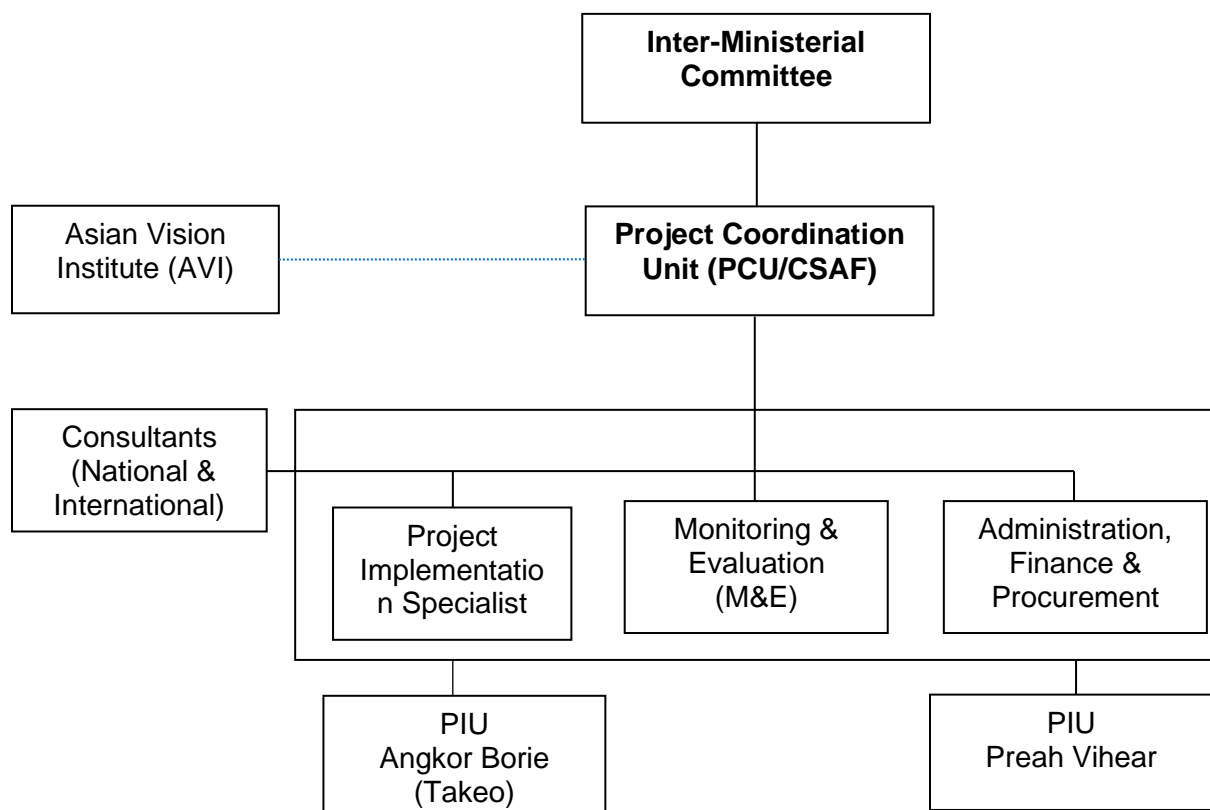
33. CSAF has established a PCU which will oversee the management and implementation of the project. The main functions of the PCU will be to ensure timely and effective project planning, management, coordination, recruitment of consultants, procurement of goods and civil works, financial control, monitoring, and reporting to the government and ADB. The PCU will be headed by a part-time project director who will implement the project. The project director will be supported by a full-time national project manager and two provincial project managers.

34. **Implementing Agencies / Project Implementation Units.** At the provincial level, NAPV and ABDAO will be the IAs for the project. Project implementation units (PIUs) in NAPV and ABDAO will provide technical support and coordination in achieving the project outputs. The PIUs will be staffed by a part-time Project Director and full-time (i) Project Coordinator, (ii) Accountant, and (iii) Gender and M&E Coordinator.

35. The PCU and PIUs will follow two key documents in managing the project implementation: (i) the government's December 2019 updated Standard Operating Procedures (SOP), and (ii) the Financial Management Manual (FMM) for the Externally Financed Projects/Programs (December 2019, as updated from time to time).

36. **Organization and Staff Capacity.** The assessment reveals that CSAF, NAPV, and ABDAO have no experience implementing projects funded by the development partners (DPs), including ADB. CSAF has existing internal controls and financial reporting arrangements for their regular budget and expenditure management, but it does not have experience and formal arrangements on FM of DP-funded projects. Capacity development support on FM will be necessary to augment FM capacity of the EA and IAs. Figure 1 shows the organizational structure of the project.

Figure 1: Organizational Structure



Source: Civil Society Alliance Forum (CSAF)

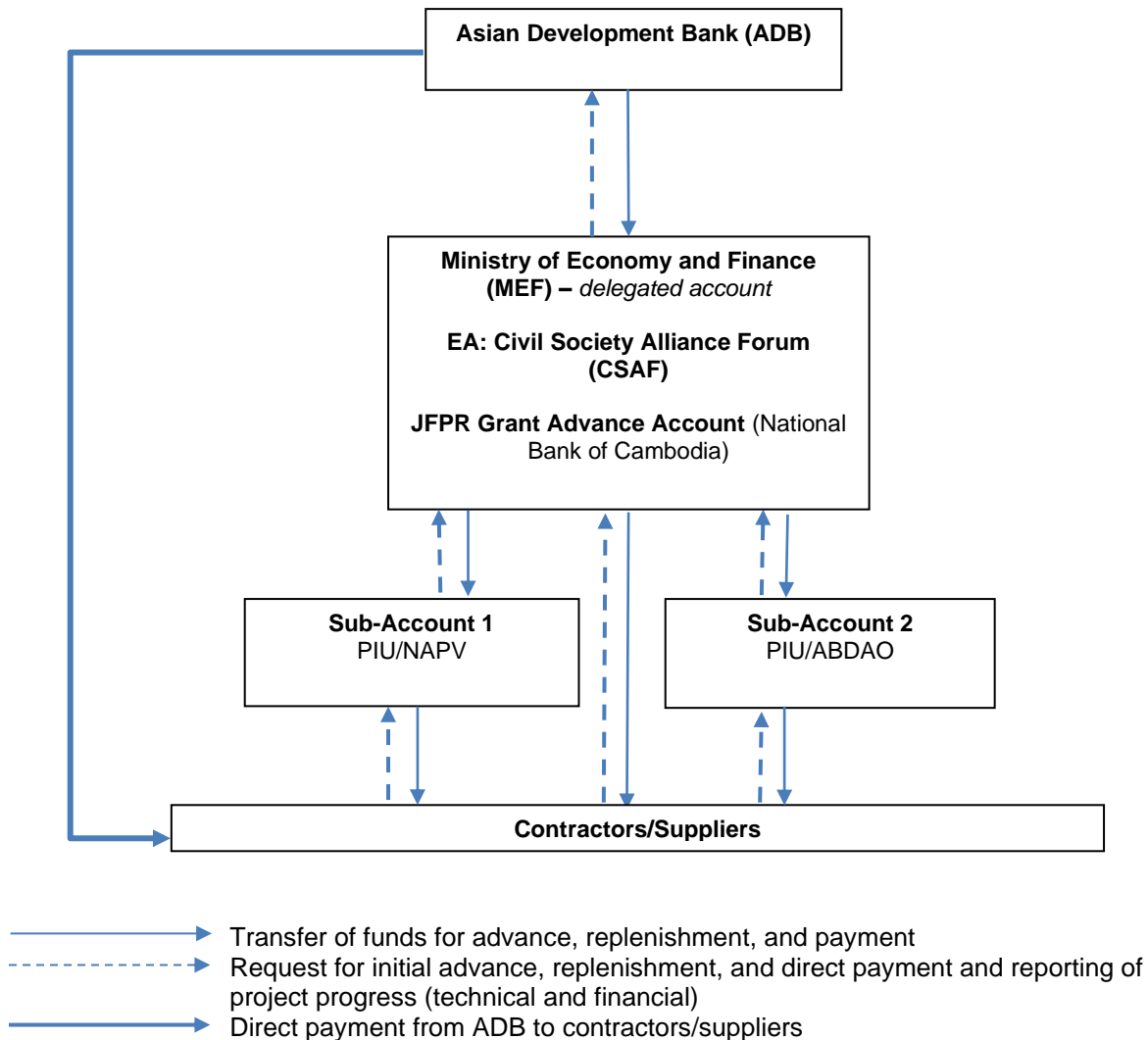
37. **Information Management.** The PCU will report to the General Secretariat of CSAF, the organization in charge of managing business operations of control, promoting, and coordinating all tasks related to the General Secretariat's works, and the NPSC.

38. **Budgeting and Funds Flow Arrangements.** In recent years, the Royal Government of Cambodia has been undergoing intensive capacity development to improve its PFM. The PFM reforms have enabled Cambodia to achieve significant progress in reforming public expenditure policy and public finance through providing capacity building in budget preparation and execution, FM, procurement, internal audit development, and in monitoring and evaluation.

39. CSAF has an existing process for budget management and monitoring. For the project, CSAF will follow the budget management requirements in the FMM, as required for DP-funded projects. The proposed PCU is required to prepare budgets with sufficient details to allow meaningful monitoring of the subsequent performance. The actual expenditures are required to be compared with the budgets regularly, and any budget variations between the actual expenditure and budgets are required to be justified.

40. The fund flows will be disbursed based on the SOP and FMM of the government and ADB's procedures (e.g. Loan Disbursement Handbook). The funds flow arrangement for the proposed project is presented below:

Figure 2: Funds Flow for the Proposed Project



B. Strengths and Weaknesses

41. **Strengths.** The following are the main strengths in the project's FM system:
- The current CSAF Finance Staff/Officer has completed higher education in management and has significant experience in government finance;
 - The current ABDAO finance officer/staff proposed for this project has experience in working with the National Committee for Sub-national Democratic Development (NCSDD) funded by Sweden International Development Agency, SIDA and has significant experience in government finance;
 - The SOP and FMM, which will be the project's main guidance manuals for project implementation, includes adequate accounting and finance policies and guidelines which shall be implemented for all externally financed projects and programs; and
 - The external auditor contracted by MEF for ADB projects has knowledge and experience of ADB projects and procedures. Project staff of the EAs and IAs may need to give Auditor supplemental information from time to time.

42. **Indirect Strengths.** The following strengths are attributable to the overall government of Cambodia and can contribute to strengthening the project's FM systems:

- (i) The government launched a comprehensive PFMRP in 2004,⁴ supported by ADB, WB, and JICA. The PFMRP strengthens selected line ministries in Cambodia in budget preparation and execution, FM, procurement, internal audit development, and in monitoring and evaluation. This support includes:
 - (a) system development (including program budgeting, budget entities, new budget classification, new chart of accounts, and computerized financial management).
 - (b) substantial capacity development of the staff of the finance department.
- (ii) The PFMRP is strengthening internal audit through the following outputs:
 - (a) Operationalized Audit Manual developed under the Public Financial Management for Rural Development Program, Subprogram 1 with key staff from internal audit departments trained in using the audit manual developed;
 - (b) strengthened governance/internal control framework;
 - (c) internal audit management systems implemented with appropriate manuals;
 - (d) manual on auditing computerized accounting systems; and
 - (e) manual on auditing externally funded projects

43. **Weaknesses.** The following are the major weaknesses of the proposed project's FM systems:

- (i) CSAF, NAPV, and ABDAO do not have experience in implementing DP-funded projects and are unfamiliar with ADB procedures and requirements;
- (ii) The EA and IA staff have limited capacity in project FM, especially in financial reporting;
- (iii) The PCU needs support in preparing comprehensive financial reports - Current CSAF reporting systems do not have capacity to show financial information and physical progress in one report as required in the FMM;
- (iv) The current accounting system of CSAF is semi-manual with the limited use of Excel Spreadsheets;
- (v) Based on the interviews with the CSAF's Deputy Secretary General as well as Finance Director of the Department of Finance and Administration, CSAF does not have an Internal Audit Unit. However, an Internal Audit Department (IAD) was established by the Office of Council Ministers (OCM) to take on internal audit of all entities under OCM. IAD staff of OCM do not have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH). In CSAF's Finance Department, there are young staff with accounting degrees but lacking experience in internal audit.

C. Personnel, Accounting Policies and Procedures, Internal and External Audit

44. **Personnel.** The PCU is composed of a project team nominated from the CSAF. The PCU will assign a finance officer and two other finance staff will be assigned by the PIUs (NAPV and ABDAO) for implementing the proposed project. The proposed PCU and PIUs Finance Officer have relevant experience in FM for government institutions but have no experience in projects

⁴ Royal Government of Cambodia. Public Financial Management Reform Program-Strengthening Governance through Enhanced Public Financial Management. Phnom Penh 2004.

financed by DPs, including ADB projects. Providing capacity building support such as training on the SOP and FMM of externally-funded projects in Cambodia, ADB's Loan Disbursement Handbook and FM requirements, government procedures, and usage of computerized accounting systems will be essential for PCU and PIU staff to ensure effective project financial accounting and reporting.

45. To augment FM capacity, the PCU shall recruit a Project Accountant/Finance Assistant (contractual staff) to support the Financial Officer to execute relevant FM duties during the project implementation. In addition, an experienced national FM consultant will be recruited to assist the PCU in executing the day-to-day FM activities. For the PIUs, finance & administration assistants will also be recruited to support the PIU's financial officers to carry out the required FM activities.

46. **Accounting Policies.** CSAF staff have received substantial capacity building under the Government Public Financial Management Reform Program (PFMRP). Key results of this program include extending and improving the budget classification and chart of accounts, to enable more effective record keeping and budgetary control and introducing the FMIS into the central and provincial treasuries.

47. The FMM for externally-financed projects includes guidelines on accounting policies to be used for accounting and financial reporting. The project will be following the current and subsequent regulations from the National Accounting Council (NAC) on government accounting. On 14 October 2020, the Royal Government of Cambodia through MEF and NAC issued a guideline on the implementation of Cambodia Public Accounting Standards "Cash Basis" for projects/programs financed by DPs. This guideline will be used by the project in financial reporting and in preparing project financial statements.

48. **Internal Controls.** The development, implementation, and maintenance of robust internal controls is the responsibility of the CSAF and project management team. Robust internal controls require sound governance to prevent fraud and corruption that must be followed for all DP-financed projects. Procedures on maintaining a strong internal controls environment are clearly stated in the FMM. The project shall ensure that relevant policies and procedures on internal controls are followed and that segregation of duties and functions are in place.

49. **Internal Audit.** CSAF has no internal audit division of its own. However, under the OCM, an IAD⁵ has been established. The IAD has its mandate to conduct the internal audit of departments and entities of OCM based on annual plan to be approved by the minister of OCM. In addition, all the audit programs of the internal audit are subject to the approval of the minister of OCM. The selection of which departments and entities of OCM for the internal audit is based on the approved plan. CSAF shall ask for further support from the IAD of OCM to include the project in its internal audit work program to ensure that regular and independent review of internal controls and processes are conducted.

50. **External Audit.** CSAF is required to prepare the detailed annual project financial statements to be audited in accordance with the international standards on auditing and/or in accordance with the government's audit regulations by an auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within 6 months of the end of the fiscal year. The annual audit report will include the audited project financial

⁵ Annex of Sub-decree No. 116 dated 6 September 2018 (Management Structure of the Office of the Council of Ministers).

statements (APFS), auditor opinion on the presentation of financial statements (which shall express whether the project financial statements present fairly in all material respects/give a true or fair view of the project's financial position, performance and cash flows in accordance with the applicable financial reporting framework), a separate audit opinion on the use of grant proceeds, and the management letter.

51. The external auditor recruited by MEF under the bundled audit arrangements is knowledgeable with ADB procedures and guidelines and has significant experience in auditing ADB-funded projects. The terms of reference for the external audit of DP-funded projects are constantly reviewed by ADB to ensure that the APFS submissions follow ADB requirements. In addition, these project accounts can further be audited by NAA of and Ministry of National Assembly and Senate Relation and Inspection (MONASRI) of the Royal Government of Cambodia if the circumstances are required or they wish to do so.

D. Financial Reporting Systems, including Use of Information Technology

52. CSAF is required to prepare quarterly Financial Management Reports (FMR) in accordance with the FMM – December 2019 updated by MEF for the externally financed projects/programs. The FMRs shall be submitted to ADB within 45 days after the end of each quarter. The FMRs usually consists of the following statements: statement of receipts and disbursement detailing sources of fund received and all expenditures incurred for a particular period and fund balance; summary of accumulated expenditure report by categories and by project activities providing information about the analysis of the fund received and spent and fund balance; project balance sheet/advance account reconciliation; and grant disbursement summary by categories and its balance.

53. The finance staff for the proposed PCU and PIUs have limited capacity in preparing the FMRs of DP-funded projects. The PCU and PIUs do not have formal FM information systems/accounting software to record financial transactions and to produce FMRs for projects. Currently, financial transactions are recorded and financial statements are prepared by using separate Excel spreadsheets.

54. As the computerized accounting software is one of the key internal controls stated in the FMM (updated December 2019 of MEF for the externally financed projects/programs), it is recommended that a computerized accounting system be procured and utilized for the proposed project. The proposed PCU and PIUs in the provinces will need to be trained on proper usage of the FM information systems, which should be done shortly after the project commences and the accounting software has been procured. Staff should also be trained on the preparation of FMRs and project financial statements.

E. Disbursement Arrangements

55. The JFPR grant proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time), and detailed arrangements agreed upon between the government and ADB.⁶ Project staff will undertake the ADB online training⁷ on disbursement policies and procedures to help ensure efficient disbursement and fiduciary control. In addition, they will attend training courses on disbursement offered by ADB and Cambodia Resident Mission.

⁶ Available at http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf

⁷ Disbursement eLearning. http://wpqr4.adb.org/disbursement_elearning

56. Fund flows will be arranged following the SOP and FMM of the government, ADB's Loan Disbursement Handbook (2017) and procedures, and discussions with CSAF and ADB. The fund flows for the project are presented in Figure 2.

57. ADB direct payment procedures will also be used to pay suppliers, contractors and consultants. With oversight of CSAF, the PCU will be responsible for preparing the annual contract awards and disbursement projections, including in (i) requesting budgetary allocations for counterpart funds; (ii) preparing withdrawal applications (WAs); and (iii) collecting supporting documents for the project expenditures which they have incurred.

58. **Advance Account Procedure.** After grant effectiveness, MEF's General Department of International Cooperation and Debt Management (GDICDM) will open a delegated account for the grant funds in the National Bank of Cambodia (NBC), or a bank acceptable to the government and ADB. GDICDM will then transfer the control of the advance account to CSAF. Two sub-advance accounts will be opened for NAPV and ABDAO. The currency of the advance and sub-advance accounts will be the United States Dollars. ADB's Loan Disbursement Handbook (2017) and the government's disbursement procedures will be followed for the withdrawal of grant funds through the advance and sub-advance accounts. CSAF, NAPV, and ABDAO who will administer the advance and sub-advance accounts are accountable and responsible for proper use of advances to these accounts.

59. The total outstanding amount of the advance account should not exceed the estimate of expenditures to be paid through the respective advance account for the forthcoming six months.⁸ The request for initial advance to the advance account should be accompanied by an Estimate of Expenditure Sheet setting out the estimated expenditures for the first 6 months of project implementation, and submission of evidence satisfactory to ADB that the advance account has been duly opened.⁹ For every liquidation and replenishment request of the advance account, the borrower will furnish to ADB: (i) Statement of Account (bank statement) where the advance account is maintained; (ii) the Advance Account Reconciliation Statement reconciling the above mentioned bank statement against the EA's records, and (iii) other supporting documents as required and in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time).¹⁰

60. **Statement of Expenditure Procedure.**¹¹ The SOE procedure will be used for reimbursement and to liquidate and replenish the advance and sub-advance accounts for eligible expenditures. The ceiling of the SOE procedures is agreed at the equivalent of \$30,000 per individual payment. Supporting documents and records for the expenditure claimed under the SOE procedure should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent external audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by full documentation when submitting the Withdrawal Applications (WA) to ADB. Sample forms for withdrawal of grant proceeds, replenishment of advance account, and SOE can be downloaded from the ADB website.¹²

⁸ Bank charges will be financed by the JFPR grant and ADB-administered financing sources.

⁹ Estimate of Expenditure Sheet is available in Appendix 8A of the Loan Disbursement Handbook.

¹⁰ Advance Account Reconciliation Statement is available in Appendix 8B of the Loan Disbursement Handbook.

¹¹ SOE forms are available in Appendix 9B and 9C of ADB's Loan Disbursement Handbook

¹² Available in Appendix 7D of the Loan Disbursement Handbook.

61. Before the submission of the first WA, EA should submit to ADB sufficient evidence of the authority of the person(s) who will sign the WAs on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is US\$30,000, unless otherwise approved by ADB. The PCU will consolidate claims to meet this limit for reimbursement and advance account claims. Withdrawal applications and supporting documents will demonstrate, among other things that the goods, and services were produced in or from ADB members, and are eligible for ADB financing.

V. RISK DESCRIPTION AND RATING

62. For inherent risks, the assessment focuses on risks posed by the overall environment in which the executing and/or implementing agencies operates, before considering the impact of the EA and IA's FM system and control such as country rules and regulations and the entity working environment (assuming the absence of any counter checks or internal controls).

Table 3: Inherent Risk

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Inherent Risk		
I. Country Specific		
(i) Needs improvements in control of budget execution, accounting and reporting, and budget credibility; (ii) Limited financial management capability of the public sector institutions. Improvements are noted as a result of the PFMRDP; (iii) Transfer of responsibilities for budget management from the MEF to line ministries, including the rolling out of the Financial Management Information System. (iv) Transfer of functions and resources to SNAs. Uncertainty, delays in the delegation of functions, and inadequate delegation will postpone the build-up of capacity in SNAs. This delay will undermine the accountability of SNAs for expenditure and service delivery, and increase risks for management of DP funded projects that have been assigned to SNAs. (v) Quality of both internal and external audit reports are improving but remains a concern.	Substantial	(i) The PFMRDP also aims to improve local accountability through support for decentralization initiative, along with the Decentralization and Deconcentration Reform Program; (ii) MEF is to monitor compliance with SOP, FMM, PM, Grant Agreement and ADB Anti-corruption policies; (iii) Building on earlier achievements in improving budget responsibility and accountability in rural development ministries, ADB will expand technical assistance under the CPS to additional priority ministries; (iv) ADB will continue to support decentralization and deconcentration and PFM reforms for SNAs, and ensure that new ADB-financed projects are aligned with and supportive of emerging functions and capacity of SNAs; (v) MEF to provide oversight and CSAF to closely monitor contract performance of external auditors to ensure that auditing firms have assigned staff with qualification and experience as agreed in the contract. (vi) MEF to regularly review and update the TOR for auditors to ensure compliance with DP's requirements.

63. For the project or specific control risk, the assessment focuses on risks arising from the failure of the specific project's FM and internal control arrangement to ensure that the project funds will be used economically and efficiently and for the intended purpose. The following table presents the risk summary.

Table 4: The Project/Control Risks

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
<p>Executing/Implementing entity</p> <p>CSAF, NAPV, and ABDAO lack capacity and experience in implementing externally financed projects.</p>	High	Appoint qualified finance staff and recruit experienced consultants to support PCU and PIUs in project implementation. Provide trainings and capacity building support on ADB's policies and requirements for the project.
<p>Fund Flows</p> <p>CSAF, NAPV and ABDAO lack experience in disbursing the grant funds and the agreed funds flow arrangements will not be following government and ADB regulations.</p>	High	Funds will be disbursed following ADB's Loan Disbursement Handbook (2017, as amended from time to time) and the government's SOP on funds flows. Training will be provided on disbursements' requirements and ADB's Client Portal for Disbursement.
<p>Staffing</p> <p>Lack of capacity and experience of EA and IA staff on project financial management.</p> <p>The duties of financial officers are not segregated between recording financial transactions and making payments.</p>	High	<p>The PCU and PIUs should appoint qualified finance staff to oversee project FM. In addition, the project shall recruit a project accountant for PCU and finance assistants for the PIUs to support project FM. A national FM specialist will also be engaged to augment the FM capacity of the project.</p> <p>Once assigned to the PCU and PIUs, the Project Accountant and Finance Assistants can assist the Financial Officers to ensure proper segregation of duties.</p>
<p>Accounting Policies and Procedures</p> <p>Project financial reporting and project financial statements do not conform to ADB and government requirements.</p>	Substantial	Training will be provided to the PCU and PIU finance staff on FMM and ADB's FM requirements. The project will follow the guideline on the implementation of Cambodia Public Accounting Standards "Cash Basis"
<p>Internal Audit</p> <p>Limited capacity in internal audit</p>	High	CSAF will request support from OCM to include the Project to be subject to the internal audit work program of OCM's IAD to ensure that regular and independent reviews of the project's internal controls and processes are conducted.
<p>External Audit</p> <p>Quality of audit reports do not meet the requirements of ADB and the government of Cambodia.</p>	Low	MEF to provide oversight and CSAF to closely monitor contract performance of external auditors to ensure that auditing firms have assigned staff with qualification and experience as agreed in the contract. ADB and MEF to also review the ToR for external audit regularly to ensure compliance with ADB and government requirements.
<p>Reporting and Monitoring</p> <p>Finance Officer has limited capacity to prepare FMRs and the current project reporting does not have the capacity to link the financial information with the project's physical progress.</p>	High	Provide training on FM requirements (FMM, SOP, ADB policies) for the EA and IA finance staff to support preparation of comprehensive FMRs. Recruit experienced FM consultant who will provide support in preparation of FMRs and project financial statements.

Risk Description	Risk Assessment	Mitigation Measures or Risk Management Plan
Information System EA and IAs have no FM information systems/ accounting software to record financial transactions and generate FMRs automatically. There is a risk of human error and manipulation as Excel spreadsheets are used to record transactions and prepare FMRs.	High	PCU to coordinate with the Finance Department for procurement of FM information systems/accounting software at the PCU. The accounting software shall use double entry accounting and facilitate automatic generation of FMRs and preparation of project financial statements. The accounting software must be aligned with the existing software used by OCM/CSAF, as applicable.
Overall Control Risk	High	
Overall (Combined) Risk	High	The implementation of mitigation actions as proposed will reduce to risk to substantial.

VI. FINANCIAL MANAGEMENT ACTION PLAN

64. The project will prepare the terms of reference for the recruitment of the FM consultant and allocate adequate budget to provide appropriate training and capacity building to finance and accounting staff to establish robust FM arrangements, including but not limited to the following: (i) timely and rigorous reconciliations; (ii) orderly record keeping; (iii) budget management; (iv) accounting, financial reporting and strict adherence to FM policies and internal controls; (v) funds flow management and preparation of withdrawal applications and statement of expenditure; and (vi) to ensure an orderly and timely year-end process for the preparation and audit of annual project financial statements. The following are proposed actions for augmenting the FM capacity of the project.

Table 5: Time-Bound Action Plan

Weakness	Action Plan	Responsibility	Timeline
The PCU and PIU staff lack experience in implementing externally funded projects and have limited capacity in project FM. In addition, there may be a lack of adequate coordination between PCU and PIUs due to unfamiliarity with project management requirements.	The EA and IAs will each assign a Financial Officer to support the project FM.	CSAF, NAPV, ABDAO	Upon grant effectiveness
	The project to recruit, through advance contracting, an experienced National Financial Management and Administration Specialist to augment EA's capacity in project FM. For the PCU, the project will recruit an accountant, and for both PIUs, a finance and administration assistant to augment IA's capacity in project FM.	CSAF, NAPV, ABDAO, and ADB	Upon grant effectiveness
	The project to provide, through (i) a training workshop and (ii) on the job training, capacity building support on the following areas: (i) disbursement procedures	CSAF, NAPV, ABDAO, and ADB	Upon 3 months of grant effectiveness

Weakness	Action Plan	Responsibility	Timeline
	(ADB's Loan Disbursement Handbook); (ii) FM requirements (FMM, SOP, ADB FM policies and guidelines on project financial reporting); (iii) PAM coordination responsibilities throughout project implementation and (iv) project management.		
The PCU has limited capacity to prepare FMRs and does not have capacity to show financial information and physical progress in one report as shown in the FMM.	The project to provide training and capacity building support on FM requirements (FMM, SOP, ADB FM policies and guidelines on project financial reporting) to ensure understanding on how to prepare comprehensive FMRs and project financial statements.	CSAF, NAPV, ABDAO, National Financial Management and Administration Specialist, and ADB	Upon 6 months of grant effectiveness
EA and IAs have no formal FM information systems/accounting software to record financial transactions. There is a risk of human error and manipulation as Excel spreadsheets are used to record transactions and prepare FMRs.	The project to procure accounting software to help EA and IAs prepare FMRs and project financial statements with ease.	CSAF, NAPV, ABDAO, National Financial Management and Administration Specialist, and ADB	Upon 6 months of grant effectiveness
	The project to provide staff training on proper usage of accounting software to facilitate preparation of FMRs and project financial statements.		One month after procurement of accounting software
Capacity in internal audit is lacking.	The EA to request support from the Office of the Council of Ministers' internal audit department on including the project in its regular internal audit work program to ensure regular and independent reviews of the project's internal controls and processes are conducted.	CSAF	During grant implementation

VII. SUGGESTED COVENANTS

65. **Implementation of financial management action plan.** The government, through the executing agency and implementing agencies, shall ensure that the agreed financial management arrangements and internal controls are in place throughout project implementation, and that the risk mitigating measures in the time-bound Financial Management Action Plan are implemented, reviewed, and regularly monitored in accordance with the PAM and with its terms in close coordination with ADB.

66. **Appointment of financial management staff.** The government shall cause the executing agency and implementing agencies to have sufficient financial management capacity

by appointing qualified financial management staff to support the project and in accordance with the PAM upon project effectiveness.

67. **Right to audit.** The government will ensure that contracts financed from the project will include provisions specifying the right of ADB to audit and examine the records and accounts of the project and all contractors, suppliers, consultants, and other service providers as they relate to the project.

68. **Governance and anti-corruption.** The government will ensure that (i) the project is carried out in compliance with all applicable Cambodia anti-corruption regulations, and ADB's Anticorruption Policy (1998, as amended to date); (ii) all project staff actively participate in the training in Cambodia's anti-corruption regulations and ADB's Anticorruption Policy; and (iii) a website is maintained to disclose the audited annual project accounts, project progress, and procurement activities.

VIII. CONCLUSION

69. Overall risk rating for Project FMA is "High". CSAF, NAPV, and ABDAO overall lack capacity and experience in implementing externally financed projects, and need further training and capacity building support in project FM. The lack of formal FM information systems/accounting software also poses a substantial risk to project financial reporting. In addition, the lack of internal audit capacity poses a risk that internal controls and agreed processes to strengthen project FM will not be regularly checked.

70. The appointment of qualified finance staff and recruitment of experienced FM consultants will augment the project's FM capacity. It is also recommended to conduct comprehensive trainings and provide capacity building support for the EA and IA staff on ADB and government requirements on disbursements and FM requirements. In addition, the procurement of an accounting software will help facilitate preparation of project financial statements and required FMRs.

ANNEX 1
Financial Management Assessment Questionnaire
 Civil Society Alliance Form (CSAF)
 Proposed Community-Based Tourism for COVID-19 Recovery Project in Cambodia

Topic	Responses	Potential Risk event (Comment)
1. Executing / Implementing Agency		
1.1 What is the entity's legal status / registration?	The Civil Society Alliance Forum (CSAF) was established under the Royal Government's Sub-Decree No. 128 ANK.BK dated 26 June 2016. The General Secretariat of CSAF has four departments.	
1.2 How much equity (shareholding) is owned by the Government?	N/A	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any.	N/A	
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	No.	
1.5 Briefly describe the statutory reporting requirements for the entity.	N/A	
1.6 Describe the regulatory or supervisory agency of the entity.	The entity is to report to the Council of Ministers	
1.7 What is the governing body for the project? Is the governing body for the project independent?	Civil Society Alliance Forum (CSAF). Yes, it is.	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	List of CSAF management and staff who work under the Department of Administrative and Finance. (Annex 1 CSAF organizational chart and Annex 2-List of Finance Staff)	
1.9 Does the entity have a Code of Ethics in place?	Yes, it does. It follows the Statute of Civil Servants.	
1.10 Describe (if any) any historical issues reports of ethics violations involving the entity and management. How were they addressed?	There is no issue of ethnic violations.	
2. Funds Flow Arrangements		
2.1 Describe the (proposed) project funds flow arrangements in detail, including a funds flow diagram and explanation of the flow of funds from ADB, government and other	The proposed fund flow arrangement will be discussed among senior management of CSAF and ADB project.	For ADB projects, usually, the funds flow arrangements designed involve an advance account set up in the EA/IA, assuming they have adequate capacity to handle the advance account, process withdrawal applications, have

	financiers, to the government, EA, IA, suppliers, contractors, ultimate beneficiaries, etc. as applicable.		adequate capacity to record the financial transactions in their accounting books, etc. But if there is no adequate capacity, direct payment procedure is recommended. EA/PIU has no experience in performing ADB project, they need consultant support
2.2	Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity and to the end-recipients satisfactory?	No comment. CSAF has never implemented project that funded by the Ministry of Economy and Finance.	
2.3	Are the disbursement methods appropriate?	No comment. CSAF has never implemented project that funded by external assistance.	
2.4	What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?	No comment. CSAF has never implemented project that funded by external assistance.	The response expected here is that CSAF will elaborate on problems (if any) encountered before regarding receipt, accounting, administration of funds. It seems they are not familiar, or they have not yet experienced receiving/accounting/administrating funds. EA/PIU has no experience in performing ADB project, they need consultant support
2.5	In which bank will the Imprest Account (if applicable) be established?	National Bank of Cambodia (NBC).	
2.6	Is the bank in which the imprest account is established capable of <ul style="list-style-type: none"> • Executing foreign and local currency transactions? • Issuing and administering letters of credit (LC)? • Handling a large volume of transaction? • Issuing detailed monthly bank statements promptly? 	<ul style="list-style-type: none"> • Yes, it is. • Yes, it is. • Yes, it is. • Yes, it is. 	
2.7	Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	No comment. CSAF has never implemented project that funded by external assistance.	
2.8	Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	No, it does not.	EA/PIU has no experience in performing ADB project, they need consultant support

2.9	Does the PIU have adequate administrative and accounting capacity to manage the imprest fund and statement of expenditure (SOE) procedures in accordance with ADB's Loan Disbursement Handbook (LDH)? Identify any concern or uncertainty about the PIU's administrative and accounting capability which would support the establishment of a ceiling on the use of the SOE procedure.	No, it does not.	
2.10	Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	No, it is not as all transactions are in US Dollars.	
2.11	How are the counterpart funds accessed?	The counterpart fund for projects are accessed through an Imprest account from MEF.	
2.12	How are payments made from the counterpart funds?	No comment. CSAF has never implemented project that funded by MEF.	
2.13	If project funds will flow to communities or NGOs, does the PIU have the necessary reporting and monitoring arrangements and features built into its systems to track the use of project proceeds by such entities?	No comment. CSAF has never implemented project that funded by MEF.	If this will involve in the project? CSAF need support of consultant how to use the project funds?
2.14	Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor or material), are proper guidelines and arrangements formulated to record and value the labor or material contributions at appraisal and during implementation?	N/A	
3. Staffing			
3.1	What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	List of CSAF management and staff who work under the Department of Administrative and Finance. (Annex 1 CSAF organizational chart and Annex 2-List of Finance Staff)	Attached SCAF organizational chart and list of staff un the Department of Finance.

3.2	Will existing staff be assigned to the project, or will new staff be recruited?	There will be new staff to be recruited to support project.	This will determine the need to get a financial management consultant to support the project.
3.3	Describe the existing or proposed project accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key existing accounting staff.	There will be an assignment of a Finance Officer to work with the project. See Annex for job description and requirement which are as stated in Standard Operating Procedure (SOP) for Externally Financed Projects/Programs. (Annex 3-TOR)	Attached TOR for finance staff and others as stated in SOP/FMM.
3.4	Is the project finance and accounting function staffed adequately?	It will be staffed adequately once implementation starts. Staffing is based on the Financial Management Manual for the externally financed project/programs.	
3.5	Are the project finance and accounting staff adequately qualified and experienced?	The quality and experience of staff are still limited.	EA/PIU may experience difficulties in performing their tasks without consultant support
3.6	Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	Yes, but training is not yet adequate.	Staff may not be able to fully discharge their responsibility.
3.7	What is the duration of the contract with the project finance and accounting staff?	They are assigned to work for the whole duration of the project.	
3.8	Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	The project accountant will be assigned at the start of project implementation.	Usually, finance officer will be appointed by EA/IA, accountant to be recruited as contract staff. They will start work when project is effective.
3.9	For new staff, describe the proposed project finance and accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions.	New staff (project accountant) will be determined upon grant implementation.	
3.10	Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Yes, it does. This is clearly stated in the SOP for externally financed project/programs.	For financial work, there is operational manual called Finance Management Manual (FMM) that EA/IA has to follows? There are descriptions/procedures/guidelines that they follow.
3.11	What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Very low.	
3.12	What is training policy for the finance and accounting staff?	Staff is encouraged to attend the training /workshops on project management, financial management	EA/IA require trainings done before the finance and accounting staff start on their job?

		and procurement procedures conducted by MEF, ADB or WB.	
3.13	Describe the list of training programs attended by finance and accounting staff in the last 3 years.	N/A	
4. Accounting Policies and Procedures			
4.1	Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds (in particular, the legal agreements with ADB)? Will the project use the entity accounting system? If not, what accounting system will be used for the project?	The entity is using Excel to record accounting and financial transaction. There is no accounting software for the project.	
4.2	Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes, there are. These procedures are clearly stated in the FMM.	
4.3	Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories? Obtain a copy of the chart of accounts.	Yes, the chart of accounts has been revised/ updated (one of the outputs of the PFMRD) to properly account for and report on activities. These procedures are also clearly stated in FMM, but the finance staff have limited capacity to use the new COA to produce the required reports. (Annex 4- CoA in Khmer)	ADB needs to realign with the government chart of accounts, so it is important that we see what they currently have. Entity and project reports will not be consistent
4.4	Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	No comment. CSAF has never implemented project that funded by external assistance.	
4.5	Are the General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	Yes, they are.	
4.6	Describe the EA's policy for retention of accounting records including supporting documents (e.g, ADB's policy requires that all documents should be retained for at least 1 year after ADB receives the audited project financial	All accounting and supporting documents are retained on a permanent basis in a defined system that allows authorized users for easy access. They need to be kept for a period of minimum 10 years according to FMM.	

	statements for the final accounting period of implementation, or 2 years after the loan closing date, whichever is later). Are all accounting and supporting documents retained in a defined system that allows authorized users easy access?		
4.7	Describe any previous audit findings that have not been addressed.	N/A	
Segregation of Duties			
4.8	Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; (iii) custody of assets involved in the transaction; (iv) reconciliation of bank accounts and subsidiary ledgers?	Yes, they are as stated in SOP/FMM.	
4.9	Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	<p>The users prepare a request to be endorsed by Project Manager and to be approved by Project Director. The Finance Officer prepares an order and makes payments, and the Administrative Officer is to receive the ordered items.</p> <p>Some functions were combined due to limited number of staff. Once the accounting staff is assigned to the PCU, she can handle order preparation and the Finance Officer can make payment.</p>	Lack of internal control
Budgeting System			
4.10	Do budgets include physical and financial targets?	Yes, they do.	
4.11	Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes, they are.	
4.12	Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes, they are according to FMM.	
4.13	Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	Variations from the budget normally require approvals in advance, however in some cases (only operating costs) approvals are after the fact.	Unauthorized budget variations

4.14	Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	There is no specific ceiling for the variation, but any budget variation from the original allocations, requires approval from MEF and DPs.	
4.15	Who is responsible for preparation, approval and oversight/monitoring of budgets?	For the approval of the budget within the budget allocation, Finance Officer is responsible for preparing the budget and the Project Manager and Director will check and approve it.	
4.16	Describe the budget process. Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	The budget is processed according to SOP and FMM	
4.17	<p>Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?</p> <p>Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds?</p> <p>Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects?</p> <p>What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?</p>	<p>Yes.</p> <p>Yes, this happens.</p> <p>N/A</p> <p>N/A</p>	They are dealt with based on the FMM.
Payments			
4.18	Do invoice-processing procedures require: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods	Yes, these procedures are followed as stated.	

	actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations? (v) Checking authenticity of invoices and supporting documents?		
4.19	Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?	Yes, they are.	
4.20	Do controls exist for the preparation of the payroll? Are changes (additions/ deductions/ modifications) to the payroll properly authorized?	Yes, controls exist because the payroll is based on the number of project staff and job descriptions which was also based on the SOP, and the salary supplement is based on MEF's decision.	
<i>Policies and Procedures</i>			
4.21	What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	Modified cash accounting. All transactions are on a cash- basis except for advances. Advances are treated as expenditure upon liquidation.	
4.22	What accounting standards are followed (International Financial Reporting Standards, International Public Sector Accounting Standards – cash or accrual, or National Accounting Standards (specify) or other?	Cambodian Accounting Standard, based on International Accounting Standards and International Financial Reporting Standards.	
4.23	Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	Yes, it does. The SOP, FMM and PM for the externally financed projects/ program were developed by MEF, ADB and WB.	
4.24	Is the accounting policy and procedure manual updated regularly and for the project activities?	Yes, it is.	
4.25	Do procedures exist to ensure that only authorized persons can alter or establish a new accounting policy or procedure to be used by the entity?	Yes, they do.	
4.26	Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes, there are written policies and procedures such as SOP, FMM and PM.	
4.27	Do policies and procedures clearly define conflict of interest and related party	Yes, they do.	

	transactions (real and apparent) and provide safeguards to protect the organization from them?		
4.28	Are manuals distributed to appropriate personnel?	Yes, they are.	
4.29	Describe how compliance with policies and procedures are verified and monitored.	The compliance with policies and procedures are verified and monitored in accordance with FMM.	
Cash and Bank			
4.30	Indicate names and positions of authorized signatories for bank accounts. Include those persons who have custody over bank passwords, USB keys, or equivalent for online transactions.	Usually head of institution, according to SOP/FMM, the Project Director can be authorized signatory of the bank account. However, to be discussed and assigned when the Grant agreement come into effect.	If the authorized signatory is Minister, it can be possible delays in processing payments due to the expected busy schedule of the Minister.
4.31	Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	Yes, it does.	
4.32	Describe the collection process and cash handling procedures. Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	The cash is counted and recorded as per FMM and kept in the safe. Yes, they do.	
4.33	Are bank accounts reconciled on a monthly basis? Or more often? Is cash on hand physically verified, and reconciled with the cash books? With what frequency is this done?	Yes, they are reconciled on a monthly basis. Yes, it is daily or weekly basis depending on the movement of cash.	SCAF does not have sample of bank reconciliation done and cash count sheet done.
4.34	Are all reconciling items approved and recorded?	Yes, they are.	
4.35	Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes, they are.	
4.36	Are there any persistent/non-moving reconciling items?	No.	
4.37	Are there appropriate controls in safekeeping of unused cheques, USB keys and passwords, official receipts and invoices?	Yes, the unused cheques are kept in the safe with key and passwords.	
4.38	Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No, they are not.	

4.39	For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	N/A	
Safeguard over Assets			
4.40	What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?	Policies and procedures are discussed in the FMM. Yes, there is a system.	
4.41	Does the entity maintain a Fixed Assets Register? Is the register updated monthly? Does the register record ownership of assets, any assets under lien or encumbered, or have been pledged?	Yes, they are.	
4.42	Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	Yes, they are.	
4.43	Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	Yes, they are. Yes, they are.	
4.44	Are the physical inventory of fixed assets and stocks reconciled with the respective fixed assets and stock registers, and discrepancies analyzed and resolved?	Yes, they are.	
4.45	Describe the policies and procedures in disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost, or repair broken assets?	It is stated in the FMM.	
4.46	Are assets sufficiently covered by insurance policies?	This will depend on the discussion between the EA and MEF.	
4.47	Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	N/A	
Other Offices and Implementing Entities			
4.48	Describe any other regional offices or executing entities participating in implementation.	N/A	

4.49	Describe the staff, their roles and responsibilities in performing accounting and financial management functions of such offices as they relate to the project.	N/A	
4.50	Has the project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities?	N/A	
4.51	Does information among the different offices/ implementing agencies flow in an accurate and timely fashion? In particular, do the offices other than the head office use the same accounting and reporting system?	N/A	
4.52	Are periodic reconciliations performed among the different offices/ implementing agencies? Describe the project reporting and auditing arrangements between these offices and the main executing/implementing agencies.	N/A	
4.53	If any sub-accounts (under the Imprest Account) will be maintained, describe the results of the assessment of the financial management capacity of the administrator of such sub-accounts.	N/A	
Contract Management and Accounting			
4.54	Does the agency maintain contract-wise accounting records to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with physical outputs/ deliverables of the contract?	Yes, it does. Yes, they are.	
4.55	If contract records are maintained, does the agency reconcile them regularly with the contractor?	Yes, the agency reconciles.	
Other			

4.56	Describe project arrangements for reporting fraud, corruption, waste and misuse of project resources. Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	The fraud, corruption, waste and misuse of project resources can be reported to the project director or head of the EA. Yes, it has.	
5. Internal Audit			
5.1	Is there an internal audit (IA) department in the entity?	Yes, there is. It was established by Sub-decree no. 54/ANKR/BK dated 29 May 2006 by the Royal Government Cambodia	
5.2	What are the qualifications and experience of the IA staff?	They have limited capacity based on the assessment of the Senior Management of CSAF (Deputy Secretary General in-charge of finance).	IA may experience difficulties in performing their tasks without consultant support
5.3	To whom does the head of the internal audit report?	The Internal Auditor reports to the Minister for the Council of Ministers.	
5.4	Will the internal audit department include the project in its annual work program?	N/A	
5.5	Are actions taken on the internal audit findings?	Yes. They are.	
5.6	What is the scope of the internal audit program? How was it developed?	The internal audit program is to check the compliances, effectiveness, efficiency, and economy of the entity. It is developed based on the Public Auditing Standard for Cambodia	
5.7	Is the IA department independent?	Yes, it is.	
5.8	Do they perform pre-audit of transactions?	No, they do not.	
5.9	Who approves the internal audit program?	Minister.	
5.10	What standards guide the internal audit program?	Public Auditing Standard for Cambodia	
5.11	How are audit deficiencies tracked?	The deficiencies are stated in the Internal Audit Report and they will be checked if they have been implemented in the succeeding year.	
5.12	How long have the internal audit staff members been with the organization?	N/A	
5.13	Does any of the internal audit staff have an IT background?	Yes, but limited.	
5.14	How frequently does the internal auditor meet with the audit committee without the presence of management?	They meet the audit committee headed by the Minister any time they deem it necessary.	
5.15	Has the internal auditor identified/reported any issue with reference to	Yes, it has.	

	availability and completeness of records?		
5.16	Does the internal auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	No, they do not and they need more training.	Cannot discharge their duties
6. External Audit – entity level			
6.1	Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	Yes, it is audited once a year. The National Audit Authority (NAA) of the Royal Government of Cambodia is the auditor.	
6.2	Are there any delays in audit of the entity? When are the audit reports issued?	The audit reports will be issued within 3 months of starting the field work. There is no deadline as to when the audit report will be completed after the end of the year.	
6.3	Is the audit of the entity conducted in accordance with the International Standards on Auditing, or the International Standards for Supreme Audit Institutions, or national auditing standards?	It is conducted according to the Public Auditing Standard for Cambodia and ISSAI - International Standards of Supreme Audit Institutions	
6.4	Were there any major accountability issues noted in the audit report for the past three years?	No, they were not.	
6.5	Does the external auditor meet with the audit committee without the presence of management?	Yes, it does.	
6.6	Has the entity engaged the external audit firm for any non-audit engagements (e.g., consulting)? If yes, what is the total value of non-audit engagements, relative to the value of audit services?	No, they are not.	
6.7	Has the external auditor expressed any issues on the availability of complete records and supporting documents?	No, it has not.	
6.8	Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N/A	
6.9	Are there any material issues noted during the review of the audited entity	No, there are not.	

	financial statements that were not reported in the external audit report?		
External Audit – project level			
6.10	Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Yes, another auditor such as KPMG will be contracted by MEF under a bundled audit arrangement.	
6.11	Are there any recommendations made by the auditors in prior project audit reports or management letters that have not yet been implemented?	N/A	
6.12	Is the project subject to any kind of audit from an independent governmental entity (e.g. the supreme audit institution) in addition to the external audit?	Yes, the project is also subject to an audit by the National Audit Authority (NAA) or the Ministry of National Assembly and Senate Relation and Inspection (MONASRI) of the Royal Government of Cambodia can audit the project if necessary.	
6.13	Has the project prepared acceptable terms of reference for an annual project audit? Have these been agreed and discussed with the EA and the auditor?	Yes, it has. Terms of Reference needs to be discussed with MEF and to be submitted to ADB's to obtain prior approval.	
6.14	Has the project auditor identified any issues with the availability and completeness of records and supporting documents?	N/A	
6.15	Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N/A	
6.16	Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	N/A	
6.17	[For second or subsequent projects] Were past audit reports complete, and did they fully address the obligations under the loan agreements? Were there any material issues noted during the review of the audited project financial	N/A	

	statements and related audit report that have remained unaddressed?		
7. Reporting and Monitoring			
7.1	Are financial statements and reports prepared for the entity?	Yes, they are.	
7.2	Are financial statements and reports prepared for the implementing unit(s)?	Yes, they are.	
7.3	What is the frequency of preparation of financial statements and reports? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	The financial statements have to be prepared in monthly, quarterly and annual basis according FMM.	
7.4	Does the entity reporting system need to be adapted for project reporting?	Yes, it does.	
7.5	Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and purpose of the reports?	Yes, it has according to FMM.	
7.6	Are financial management reports used by management?	Yes, they are used by both the project manager and director and the MEF.	
7.7	Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes, they do this based on FMM, but this is done using individual worksheets and not a computerized accounting system.	Lack of control
7.8	How are financial reports prepared? Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	The financial reports prepared directly by spreadsheets since there is no computerized accounting system	Delays in reporting
7.9	Does the financial system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	No, the system does not have this capacity. It is recommended the Project adopt a format to show the financial information and physical progress in one report as shown in the FMM.	Physical data may not synchronize with the financial data
7.10	Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	No, it does not.	
8. Information Systems			

8.1	Is the financial accounting and reporting system computerized?	Yes, the financial management system used by the Finance Department of the Council Ministers is computerized. But the computerized system is not used by EA.	Lack of control since two system are being used
8.2	If computerized, is the software off-the-shelf, or customized?	It is off-the-shelf software.	
8.3	Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	It is a standalone software managed by the Finance Department of the Council of Ministers.	
8.4	How are the project financial data integrated with the entity financial data? Is it done through a module in the enterprise financial system with automatic data transfer, or does it entail manual entry?	It is integrated manually for the counterpart funds but not for DPs funds.	Lack of control
8.5	Is the computerized software used for directly generating periodic financial statements, or does it require manual intervention and use of Excel or similar spreadsheet software?	No, it does not, so Excel is used to generate the financial reports.	
8.6	Can the system automatically produce the necessary project financial reports?	Yes, it can, but the system is not efficient as required by DPs due to the lack of computerized systems.	Lack of efficiency
8.7	Is the staff adequately trained to maintain the computerized system?	No, they are not.	Staff cannot fully discharge their duties
8.8	Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	Yes, it does as stated in Financial Management Manual (FMM)	
8.9	Are there back-up procedures in place?	Yes, they are as stated in FMM.	
8.10	Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	<p>Back up Procedures</p> <ul style="list-style-type: none"> • All IT systems/Accounting Software will be regularly (daily if possible) backed up and procedures established to restore data and or software following any operational disruption; • Emergency procedures will be available to provide business continuity following loss of IT systems • All IT systems will be backed up to external media (e.g. tape, disk) on at least a daily basis; and • Daily printouts of daily transactions will be made checked and signed by 	

	<p>the Project Financial Officer and filed for further references.</p> <p>However, there is no online back-up.</p>	
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Financial Management Assessment Questionnaire

National Authority for Preah Vihear (NAPV)

Proposed Community-Based Tourism for COVID-19 Recovery Project in Cambodia

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
1. Executing / Implementing Agency		
1.1 What is the entity's legal status / registration?	The National Authority for Preah Vihear (NAPV) was established by the Royal Decree No. 0202/204 dated 20 February 2020 under the custody of technique of the Ministry of Culture and Fine Arts and under the custody of finance of the Ministry of Economy and Finance.	
1.2 How much equity (shareholding) is owned by the Government?	N/A	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any.	N/A	
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	- Angkor Conservation and Development Fund (Angkor Enterprise) - United States Embassy's fund	
1.5 Briefly describe the statutory reporting requirements for the entity.	Monthly report, quarterly report, and annual report	
1.6 Describe the regulatory or supervisory agency of the entity.	There is controller officer (Director of Provincial Department of Economy and Finance)	
1.7 What is the governing body for the project? Is the governing body for the project independent?	No comment	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	NAPV's organization structure is under formulation (because NAPV is a new established entity)	
1.9 Does the entity have a Code of Ethics in place?	Yes. It does. It follows the statute of civil servants.	
1.10 Describe (if any) any historical issues reports of ethics violations involving the entity and management. How were they addressed?	There is no issue of ethnic violations.	
2. Funds Flow Arrangements		

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
2.1 Describe the (proposed) project funds flow arrangements in detail, including a funds flow diagram and explanation of the flow of funds from ADB, government and other financiers, to the government, EA, IA, suppliers, contractors, ultimate beneficiaries, etc. as applicable.	The entity has never been implemented ADB project.	
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity and to the end-recipients satisfactory?	Fund transfer from the government to entity is always late.	
2.3 Are the disbursement methods appropriate?	No comment	
2.4 What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?	No comment	
2.5 In which bank will the Imprest Account (if applicable) be established?	Open advance account at ACLEDA Bank Plc. In Sro Em commune	
2.6 Is the bank in which the imprest account is established capable of <ul style="list-style-type: none"> • Executing foreign and local currency transactions? • Issuing and administering letters of credit (LC)? • Handling a large volume of transaction? • Issuing detailed monthly bank statements promptly? 	<ul style="list-style-type: none"> - In United States Dollars (USD) - There is monthly bank statement 	-
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	<ul style="list-style-type: none"> - There is ceiling of disbursement - Based on 6 months budget plan 	
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	No comment. Entity has never been implemented ADB project.	
2.9 Does the PIU have adequate administrative and accounting capacity to manage the imprest fund	- Entity has never been implemented ADB project.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
and statement of expenditure (SOE) procedures in accordance with ADB's Loan Disbursement Handbook (LDH)? Identify any concern or uncertainty about the PIU's administrative and accounting capability which would support the establishment of a ceiling on the use of the SOE procedure.	- There is available staff who has capacity in management of government finance standards.	
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	No. It does not as all transactions are in US Dollars.	
2.11 How are the counterpart funds accessed?	The counterpart fund for project are accessed through advance account from MEF	
2.12 How are payments made from the counterpart funds?	No. Comment.	
2.13 If project funds will flow to communities or NGOs, does the PIU have the necessary reporting and monitoring arrangements and features built into its systems to track the use of project proceeds by such entities?	No. Comment.	
2.14 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor or material), are proper guidelines and arrangements formulated to record and value the labor or material contributions at appraisal and during implementation?	N/A	
3. Staffing		
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	Yes. There is an organization structure of Department of Administration and Finance	
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	The project plan to recruit new staff (contract staff)	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
3.3 Describe the existing or proposed project accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key existing accounting staff.	There is TORs for accounting staff and finance staff.	
3.4 Is the project finance and accounting function staffed adequately?	Yes. There is staff when project start.	
3.5 Are the project finance and accounting staff adequately qualified and experienced?	Yes. They have experience in management of government budget	
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	The entity has never implemented ADB project.	
3.7 What is the duration of the contract with the project finance and accounting staff?	They are assigned to work for the whole duration of the project.	
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	The project finance and accountant will be assigned at the start of project implementation.	
3.9 For new staff, describe the proposed project finance and accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions.	New staff (project accountant) will be determined upon grant implementation	
3.10 Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Yes. It does. This is clearly stated in the SOP for externally financed project/programs	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Has never been applicable	
3.12 What is training policy for the finance and accounting staff?	The finance and accounting staff has ever been participated in short training course with the Economic and Finance Institute (EFI)	
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	Trained on accounting, procurement, revenue, and advance	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds (in particular, the legal agreements with ADB)? Will the project use the entity accounting system? If not, what accounting system will be used for the project?	<ul style="list-style-type: none"> - The entity has never implemented ADB project - The entity is using Excel to actually record the transaction 	
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes. There are. It is controlled over by General director	
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories? Obtain a copy of the chart of accounts.	Yes. The chart of accounts has been revised/updated.	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes. To be followed	
4.5 Are the General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	Yes. There is record	
4.6 Describe the EA's policy for retention of accounting records including supporting documents (e.g, ADB's policy requires that all documents should be retained for at least 1 year after ADB receives the audited project financial statements for the final accounting period of implementation, or 2 years after the loan closing date, whichever is later). Are all	All accounting and supporting documents are retained on a permanent basis in a defined system that allows authorized users for easy access. They need to be kept for a period of minimum 10 years according to FMM.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
accounting and supporting documents retained in a defined system that allows authorized users easy access?		
4.7 Describe any previous audit findings that have not been addressed.	N/A	
Segregation of Duties		
4.8 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; (iii) custody of assets involved in the transaction; (iv) reconciliation of bank accounts and subsidiary ledgers?	Yes. They are stated in (i), (ii), and (iii)	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes. There is.	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Yes. They do.	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes. They are.	
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes. They are according to FMM.	
4.13 Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	To be requested the head of entity	
4.14 Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	Yes. There is variation. Need to request the head of entity to decide.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
4.15 Who is responsible for preparation, approval and oversight/monitoring of budgets?	There is cash management officer and finance controller.	
4.16 Describe the budget process. Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	There is date collection from all line departments	
<p>4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?</p> <p>Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds?</p> <p>Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects?</p> <p>What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?</p>	<p>Yes. They are.</p> <p>Yes. This happened. They are dealt with based on the FMM.</p> <p>N/A</p> <p>N/A</p>	
Payments		
4.18 Do invoice-processing procedures require: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the	Yes. These procedures are followed as stated.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
accuracy of calculations? (v) Checking authenticity of invoices and supporting documents?		
4.19 Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?	Yes. They are.	
4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?	- There is controls for payroll preparation - There is no changes (additions/deductions/modifications) to the approved payroll	
Policies and Procedures		
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	Cash basis accounting	
4.22 What accounting standards are followed (International Financial Reporting Standards, International Public Sector Accounting Standards – cash or accrual, or National Accounting Standards (specify) or other?	National Accounting Standards	
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	Yes. The project has adequate policies and procedures to guide activities and ensure staff accountability	
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	Always have updated regularly	
4.25 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting policy or procedure to be used by the entity?	There is procedures to ensure that the authorized persons can be altered	
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	There is policies and procedures covering all routine financial management and related administrative activities	
4.27 Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide	Yes. They do.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
safeguards to protect the organization from them?		
4.28 Are manuals distributed to appropriate personnel?	Yes. They are.	
4.29 Describe how compliance with policies and procedures are verified and monitored.	The compliance with policies and procedures are verified and monitored in accordance with FMM.	
Cash and Bank		
4.30 Indicate names and positions of authorized signatories for bank accounts. Include those persons who have custody over bank passwords, USB keys, or equivalent for online transactions.	Usually head of institution, according to SOP/FMM, the Project Director can be authorized signatory of the bank account. However, to be discussed and assigned when the Grant agreement come into effect.	
4.31 Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	Yes. The entity maintains and record cashbook and payments regularly	
4.32 Describe the collection process and cash handling procedures. Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	The cash is counted and recorded as per FMM and kept in the safe. Yes, they do.	
4.33 Are bank accounts reconciled on a monthly basis? Or more often? Is cash on hand physically verified, and reconciled with the cash books? With what frequency is this done?	- Yes. There is monthly bank statement - Yes. There is bank reconciliation statement and cash on hand	
4.34 Are all reconciling items approved and recorded?	Yes. All reconciling items has records and approval of management (all transactions are requested from accountant and approve from head of entity)	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes. There is finance controller.	
4.36 Are there any persistent/non-moving reconciling items?	No.	
4.37 Are there appropriate controls in safekeeping of unused cheques, USB keys and passwords, official receipts and invoices?	Yes. There are appropriate controls of unused cheques, receipts and invoices	
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No. There is not. Only for minor expenses.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
4.39 For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	Accounting unit will access to controls	
Safeguard over Assets		
4.40 What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?	Yes. There are procedures to register assets with proper category and coding.	
4.41 Does the entity maintain a Fixed Assets Register? Is the register updated monthly? Does the register record ownership of assets, any assets under lien or encumbered, or have been pledged?	<ul style="list-style-type: none"> - Yes. The entity has asset register - The register is updated monthly - The register record user name 	
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	Records of fixed assets, inventories and stocks are controlled yearly with proper coding	
4.43 Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	<ul style="list-style-type: none"> - Yes. There are periodic physical inventories of fixed assets, inventories and stocks - There are proper labels 	
4.44 Are the physical inventory of fixed assets and stocks reconciled with the respective fixed assets and stock registers, and discrepancies analyzed and resolved?	In case, there are discrepancies, the entity must have meeting with minutes record	
4.45 Describe the policies and procedures in disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost, or repair broken assets?	<ul style="list-style-type: none"> - Procedures in disposal and lost assets, meeting with state inventory committee for evaluation and minutes record - Broken assets are located in storage of district hall and others are repaired 	-
4.46 Are assets sufficiently covered by insurance policies?	This will depend on the discussion between the EA and IA/PIU.	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	There are meeting of state inventory committee to evaluate the depreciated assets and cut out of the inventory list	
Other Offices and Implementing Entities		

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
4.48 Describe any other regional offices or executing entities participating in implementation.	N/A	
4.49 Describe the staff, their roles and responsibilities in performing accounting and financial management functions of such offices as they relate to the project.	It is stated in the Prakas about the roles and responsibilities in performing accounting and financial management functions.	
4.50 Has the project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities?	The project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities	
4.51 Does information among the different offices/ implementing agencies flow in an accurate and timely fashion? In particular, do the offices other than the head office use the same accounting and reporting system?	<ul style="list-style-type: none"> - The information flow of offices/ implementing agencies is accurate and timely - The head office and other offices use the same accounting system and financial report 	
4.52 Are periodic reconciliations performed among the different offices/ implementing agencies? Describe the project reporting and auditing arrangements between these offices and the main executing/implementing agencies.	<ul style="list-style-type: none"> - There is periodic report among the head office and other offices - There are monthly, quarterly, yearly 	
4.53 If any sub-accounts (under the Imprest Account) will be maintained, describe the results of the assessment of the financial management capacity of the administrator of such sub-accounts.	<ul style="list-style-type: none"> - There is no staff who has ever implemented project - Staff has experience in management of government budget 	
Contract Management and Accounting		
4.54 Does the agency maintain contract-wise accounting records to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with physical outputs/deliverables of the contract?	Yes. There is. The implement agency records accounting to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances. The records consistent with physical outputs of the contract.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	PIU regularly verify with contractor	
Other		
4.56 Describe project arrangements for reporting fraud, corruption, waste and misuse of project resources. Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	The fraud, corruption, waste and misuse of project resources can be reported to the project director or head of the IA. Yes, it has.	
5. Internal Audit		
5.1 Is there an internal audit (IA) department in the entity?	The internal unit is under formulation	
5.2 What are the qualifications and experience of the IA staff?	- Higher education background - Experience in management of government budget	
5.3 To whom does the head of the internal audit report?	Report to board of director	
5.4 Will the internal audit department include the project in its annual work program?	The internal audit is under formulation	
5.5 Are actions taken on the internal audit findings?	The internal audit is under formulation	
5.6 What is the scope of the internal audit program? How was it developed?	The internal audit is under formulation	
5.7 Is the IA department independent?	Yes. It is.	
5.8 Do they perform pre-audit of transactions?	No. They are not.	
5.9 Who approves the internal audit program?	General Director of Department	
5.10 What standards guide the internal audit program?	Public Auditing Standard for Cambodia	
5.11 How are audit deficiencies tracked?	The internal audit is under formulation	
5.12 How long have the internal audit staff members been with the organization?	The internal audit is under formulation	
5.13 Does any of the internal audit staff have an IT background?	The internal audit is under formulation	
5.14 How frequently does the internal auditor meet with the audit committee without	The internal audit is under formulation	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
the presence of management?		
5.15 Has the internal auditor identified / reported any issue with reference to availability and completeness of records?	The internal audit is under formulation	
5.16 Does the internal auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	The internal audit is under formulation	
6. External Audit – entity level		
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	N/A	
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	N/A	
6.3 Is the audit of the entity conducted in accordance with the International Standards on Auditing, or the International Standards for Supreme Audit Institutions, or national auditing standards?	N/A	
6.4 Were there any major accountability issues noted in the audit report for the past three years?	N/A	
6.5 Does the external auditor meet with the audit committee without the presence of management?	N/A	
6.6 Has the entity engaged the external audit firm for any non-audit engagements (e.g., consulting)? If yes, what is the total value of non-audit engagements, relative to the value of audit services?	N/A	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
6.7 Has the external auditor expressed any issues on the availability of complete records and supporting documents?	N/A	
6.8 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N/A	
6.9 Are there any material issues noted during the review of the audited entity financial statements that were not reported in the external audit report?	N/A	
External Audit – project level		
6.10 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	N/A	
6.11 Are there any recommendations made by the auditors in prior project audit reports or management letters that have not yet been implemented?	N/A	
6.12 Is the project subject to any kind of audit from an independent governmental entity (e.g. the supreme audit institution) in addition to the external audit?	N/A	
6.13 Has the project prepared acceptable terms of reference for an annual project audit? Have these been agreed and discussed with the EA and the auditor?	N/A	
6.14 Has the project auditor identified any issues with the availability and completeness of records and supporting documents?	N/A	
6.15 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N/A	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
6.16 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	N/A	
6.17 [For second or subsequent projects] Were past audit reports complete, and did they fully address the obligations under the loan agreements? Were there any material issues noted during the review of the audited project financial statements and related audit report that have remained unaddressed?	N/A	
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	Yes. They are.	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	NAPV has never been implemented project	
7.3 What is the frequency of preparation of financial statements and reports? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Monthly, quarterly, semester (6 months), and yearly	
7.4 Does the entity reporting system need to be adapted for project reporting?	There is separate reporting system	
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and purpose of the reports?	Yes. It has according to FMM	
7.6 Are financial management reports used by management?	The financial report shall use by project management	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	The financial report compares the actual expenditure with budget plan and programmed allocation	
7.8 How are financial reports prepared? Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	It is prepared by using table in Excel Spreadsheet	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
7.9 Does the financial system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	No, the system does not have this capacity.	
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	No. It does not	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Financial system and repoting system using Excel SpreadSheet	-
8.2 If computerized, is the software off-the-shelf, or customized?	Using customized (manual)	
8.3 Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	Use standalone (separate between entity and project)	
8.4 How are the project financial data integrated with the entity financial data? Is it done through a module in the enterprise financial system with automatic data transfer, or does it entail manual entry?	Use separately between entity and project	
8.5 Is the computerized software used for directly generating periodic financial statements, or does it require manual intervention and use of Excel or similar spreadsheet software?	Use Excel as manuel intervention	
8.6 Can the system automatically produce the necessary project financial reports?	Use Excel as manuel intervention	
8.7 Is the staff adequately trained to maintain the computerized system?	Finance and accounting staff have ever received short course training on accounting computerized system	
8.8 Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	Management and entity safeguard confidentiality, integrity, and availability of the data.	

Topic	Response (in Khmer and translated into English)	Potential Risk Event (Comment)
8.9 Are there back-up procedures in place?	Google Drive	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	USB, and backup External Hard Disk	

Financial Management Assessment Questionnaire

Angkor Borei District Administrative Office (ABDAO)

Proposed Community-Based Tourism for COVID-19 Recovery Project in Cambodia

Topic	Response	Potential Risk Event (Comment)
1. Executing / Implementing Agency		
1.1 What is the entity's legal status / registration?	Angkor Borei District was established in Decision Letter No. 170 dated 23 November 1984 by the Council of Ministers of the People's Republic of Kampuchea	
1.2 How much equity (shareholding) is owned by the Government?	N/A	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any. ¹	N/A	
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	The entity has experience in implementing NCDD project funded by SIDA	
1.5 Briefly describe the statutory reporting requirements for the entity.	The main reporting requirements for the entity is activity report and financial report	
1.6 Describe the regulatory or supervisory agency of the entity.	- Ministry of Interior - Takeo Provincial Hall	
1.7 What is the governing body for the project? Is the governing body for the project independent?	- Angkor Borei District Hall - Yes. The governing body for the project independent	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	Yes. There is appropriate structure and governance for the project.	

¹ In such cases, consult OAI on the need for integrity due diligence on non-governmental beneficial owners.

Topic	Response	Potential Risk Event (Comment)
1.9 Does the entity have a Code of Ethics in place?	<ul style="list-style-type: none"> - Yes. There is law on statute of civil servant. - Sub-decree No. 184 ANK dated 02 Dec 2019 on function and structure of district administration 	-
1.10 Describe (if any) any historical issues report of ethics violations involving the entity and management. How were they addressed?	<ul style="list-style-type: none"> - Sub-decree No. 64 ANK - There is Disciplinary Council 	
2. Funds Flow Arrangements		
2.1 Describe the (proposed) project funds flow arrangements in detail, including a funds flow diagram and explanation of the flow of funds from ADB, government and other financiers, to the government, EA, IA, suppliers, contractors, ultimate beneficiaries, etc. as applicable.	<ul style="list-style-type: none"> - Follow the RGC funds flow system - Funds flow diagram: Provincial Department of Economy and Finance, Department of Treasury, and Commercial Bank 	
2.2 Are the (proposed) arrangements to transfer the proceeds of the loan (from the government / Finance Ministry) to the entity and to the end-recipients satisfactory?	No comment. ABDAO has never received and funds flow transfer from MEF to the end-recipients.	
2.3 Are the disbursement methods appropriate?	No comment. ABDAO has never received any disbursement from external assistant.	
2.4 What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?	There is delay in funds disbursement	
2.5 In which bank will the Imprest Account (if applicable) be established?	The account will be opened in a commercial bank (ACLEDA Bank Plc)	
2.6 Is the bank in which the imprest account is established capable of <ul style="list-style-type: none"> • Executing foreign and local currency transactions? • Issuing and administering letters of credit (LC)? • Handling a large volume of transaction? • Issuing detailed monthly bank statements promptly? 	Yes. In United State Dollars (USD)	

Topic	Response	Potential Risk Event (Comment)
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	Based on action plan and six-month budget plan	
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	The proposed PIU has never implemented the project funded by ADB	
2.9 Does the PIU have adequate administrative and accounting capacity to manage the imprest fund and statement of expenditure (SOE) procedures in accordance with ADB's Loan Disbursement Handbook (LDH)? Identify any concern or uncertainty about the PIU's administrative and accounting capability which would support the establishment of a ceiling on the use of the SOE procedure.	<ul style="list-style-type: none"> - The PIU has ever implemented the NCDD project through the Ministry of Interior - The guideline manual on finance management and procurement procedures 	
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	No. It is not, as all transactions are in US Dollars.	
2.11 How are the counterpart funds accessed?	The district administrative office has never received government counterpart funds in term of project	
2.12 How are payments made from the counterpart funds?	The district administrative office has never received government counterpart funds in term of project	
2.13 If project funds will flow to communities or NGOs, does the PIU have the necessary reporting and monitoring arrangements and features built into its systems to track the use of project proceeds by such entities?	No comment. ABDOA has never implemented project that funded by MEF.	
2.14 Are the beneficiaries required to contribute to project costs? If beneficiaries have an option to contribute in kind (in the form of labor or material), are proper guidelines and arrangements formulated to record and value the labor or material contributions at appraisal and during implementation?	N/A	
3. Staffing		

Topic	Response	Potential Risk Event (Comment)
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	List of ABDOA management staff who work under the Finance and Accounting Office	
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	PIU will recruit new staff	
3.3 Describe the existing or proposed project accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key existing accounting staff.	There is a Sub-decree No. 184 ANK dated 02 Dec 2019 on the Functions and Structure of District Administration Office	
3.4 Is the project finance and accounting function staffed adequately?	Yes. There is adequate finance and accounting staff	
3.5 Are the project finance and accounting staff adequately qualified and experienced?	Finance and accounting staff has adequate qualified staff	
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	Finance and accounting staff have never obtained training in ADB procedures and guidelines	
3.7 What is the duration of the contract with the project finance and accounting staff?	They are assigned to work for the whole duration of the project.	
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	The project finance and accounting staff will be assigned at the start of project implementation.	
3.9 For new staff, describe the proposed project finance and accounting staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions.	New staff (project accountant) will be determined upon grant implementation.	
3.10 Does the project have written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all of the officers, managers, and staff?	Yes. It does. This is clearly stated in the SOP for externally financed project/programs	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	N/A	

Topic	Response	Potential Risk Event (Comment)
3.12 What is training policy for the finance and accounting staff?	Yes. District Administrative Office has policy for training finance and accounting staff	
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	Finance and Accounting staff has participated in the training course on Procedures of Budget Formulation and Implementation for Municipal, District and Khan Administration	
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds (in particular, the legal agreements with ADB)? Will the project use the entity accounting system? If not, what accounting system will be used for the project?	<ul style="list-style-type: none"> - Follow the public financial system (but has never implemented ADB project) - Use Excel Spreadsheet to record accounting but if there is any new system the district office will follow 	-
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes. There is controls in place.	
4.3 Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories? Obtain a copy of the chart of accounts.	There is budget classification of MEF.	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	No. Comment. ABDAO has never implemented project that funded by external assistance.	
4.5 Are the General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	Yes. They are.	
4.6 Describe the EA's policy for retention of accounting records including supporting documents (e.g, ADB's policy requires that all documents should be retained for at least 1 year after ADB receives the audited project financial statements for the final accounting period of implementation, or 2 years after the loan closing date,	Retention of accounting records including supporting documents for 10 years	

Topic	Response	Potential Risk Event (Comment)
whichever is later). Are all accounting and supporting documents retained in a defined system that allows authorized users easy access?		
4.7 Describe any previous audit findings that have not been addressed.	N/A	
Segregation of Duties		
4.8 Are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; (iii) custody of assets involved in the transaction; (iv) reconciliation of bank accounts and subsidiary ledgers?	Yes, They are as stated in SOP/FMM.	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes. There is.	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Yes. There is. Prepare budget plan by including physical and financial targets	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	The district administrative office prepares manual (handbook) for implementing annual budget	
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes. They are according to FMM.	
4.13 Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	Variations from the budget normally require approvals in advance, however in some cases (only operating costs) approvals are after the fact.	
4.14 Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	There is no specific ceiling for the variation, but any budget variation from the original allocations, requires approval from MEF and DPs.	
4.15 Who is responsible for preparation, approval and	For the approval of the budget within the budget allocation, Finance Officer is responsible for preparing the budget and	

Topic	Response	Potential Risk Event (Comment)
oversight/monitoring of budgets?	the Project Manager and Director will check and approve it.	
4.16 Describe the budget process. Are procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the budgets?	The budget is processed according to SOP and FMM	
<p>4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals?</p> <p>Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds?</p> <p>Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects?</p> <p>What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?</p>	<p>Yes.</p> <p>Yes. This happens.</p> <p>N/A</p> <p>N/A</p>	
Payments		
4.18 Do invoice-processing procedures require: (i) Copies of purchase orders and receiving reports to be obtained directly from issuing departments? (ii) Comparison of invoice quantities, prices and terms, with those indicated on the purchase order and with records of goods actually received? (iii) Comparison of invoice quantities with those indicated on the receiving reports? (iv) Checking the accuracy of calculations? (v) Checking authenticity of invoices and supporting documents?	Yes. There are procedures such as (1) purchase orders and receiving goods, (2) comparison of invoice quantities, prices and payment terms, (3) comparison report of purchase order with goods actually received, (4) Checking the accuracy of calculations, and (5) Checking authenticity of invoices and supporting documents.	

Topic	Response	Potential Risk Event (Comment)
4.19 Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?	Invoices stamped PAID, dated, approved, recorded correctly, and clearly coding.	
4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?	- There is controls for payroll preparation - There is no changes (additions/deductions/modifications) to the approved payroll	
Policies and Procedures		
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	Cash basis	
4.22 What accounting standards are followed (International Financial Reporting Standards, International Public Sector Accounting Standards – cash or accrual, or National Accounting Standards (specify) or other?	National Accounting Standards	
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	Yes. The project have adequate policies and procedures to guide activities and ensure staff accountability	
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	Always have updated regularly	
4.25 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting policy or procedure to be used by the entity?	There is procedures to ensure that the authorized persons can be altered	
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	There is policies and procedures covering all routine financial management and related administrative activities	
4.27 Do policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?	Yes. They do.	
4.28 Are manuals distributed to appropriate personnel?	Yes. They are.	

Topic	Response	Potential Risk Event (Comment)
4.29 Describe how compliance with policies and procedures are verified and monitored.	The compliance with policies and procedures are verified and monitored in accordance with FMM.	
Cash and Bank		
4.30 Indicate names and positions of authorized signatories for bank accounts. Include those persons who have custody over bank passwords, USB keys, or equivalent for online transactions.	Usually head of institution, according to SOP/FMM, the Project Director can be authorized signatory of the bank account. However, to be discussed and assigned when the Grant agreement come into effect.	
4.31 Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	Yes. The entity maintains and record cashbook and payments regularly	
4.32 Describe the collection process and cash handling procedures. Do controls exist for the collection, timely deposit and recording of receipts at each collection location?	The cash is counted and recorded as per FMM and kept in the safe. Yes, they do.	
4.33 Are bank accounts reconciled on a monthly basis? Or more often? Is cash on hand physically verified, and reconciled with the cash books? With what frequency is this done?	- Yes. There is monthly bank statement - Yes. There is bank reconciliation statement and cash on hand	
4.34 Are all reconciling items approved and recorded?	Yes. All reconciling items has records and approval of management (all transactions are requested from accountant and approve from head of entity)	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes. All unusual items on the bank reconciliation reviewed and approved by a responsible official	
4.36 Are there any persistent/non-moving reconciling items?	None	
4.37 Are there appropriate controls in safekeeping of unused cheques, USB keys and passwords, official receipts and invoices?	Yes. There are appropriate controls of unused cheques, receipts and invoices	
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No. There is not. Only for minor expenses.	
4.39 For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	N/A	
Safeguard over Assets		

Topic	Response	Potential Risk Event (Comment)
4.40 What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?	Yes. There are procedures to register assets with proper category and coding.	
4.41 Does the entity maintain a Fixed Assets Register? Is the register updated monthly? Does the register record ownership of assets, any assets under lien or encumbered, or have been pledged?	<ul style="list-style-type: none"> - Yes. The entity has asset register - The register is updated monthly - The register record user name 	
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	Records of fixed assets, inventories and stocks are controlled yearly with proper coding	
4.43 Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	<ul style="list-style-type: none"> - Yes. There are periodic physical inventories of fixed assets, inventories and stocks - There are proper labels 	
4.44 Are the physical inventory of fixed assets and stocks reconciled with the respective fixed assets and stock registers, and discrepancies analyzed and resolved?	In case, there are discrepancies, the entity must have meeting with minutes record	
4.45 Describe the policies and procedures in disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost, or repair broken assets?	<ul style="list-style-type: none"> - Procedures in disposal and lost assets, meeting with state inventory committee for evaluation and minutes record - Broken assets are located in storage of district hall and others are repaired 	-
4.46 Are assets sufficiently covered by insurance policies?	This will depend on the discussion between the EA and IA/PIU.	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	There are meeting of state inventory committee to evaluate the depreciated assets and cut out of the inventory list	
Other Offices and Implementing Entities		
4.48 Describe any other regional offices or executing entities participating in implementation.	Offices or entities participate in project implementation	
4.49 Describe the staff, their roles and responsibilities in performing accounting and financial management	It is stated in the Prakas about the roles and responsibilities in performing accounting and financial management functions.	

Topic	Response	Potential Risk Event (Comment)
functions of such offices as they relate to the project.		
4.50 Has the project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities?	The project established segregation of duties, controls and procedures for flow of funds and financial information, accountability, and reporting and audits in relation to the other offices or entities	
4.51 Does information among the different offices/ implementing agencies flow in an accurate and timely fashion? In particular, do the offices other than the head office use the same accounting and reporting system?	<ul style="list-style-type: none"> - The information flow of offices/ implementing agencies is accurate and timely - The head office and other offices use the same accounting system and financial report 	
4.52 Are periodic reconciliations performed among the different offices/ implementing agencies? Describe the project reporting and auditing arrangements between these offices and the main executing/implementing agencies.	<ul style="list-style-type: none"> - There is periodic report among the head office and other offices -There are monthly, quarterly, yearly 	
4.53 If any sub-accounts (under the Imprest Account) will be maintained, describe the results of the assessment of the financial management capacity of the administrator of such sub-accounts.	The staff who is in-charge of sub-account has knowledge in management of government finance and DP's fund from SIDA through NCDD project	
Contract Management and Accounting		
4.54 Does the agency maintain contract-wise accounting records to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with physical outputs/deliverables of the contract?	Yes. There is. The implement agency records accounting to indicate gross value of contract, and any amendments, variations and escalations, payments made, and undisbursed balances. The records consistent with physical outputs of the contract.	
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	PIU regularly verify with contractor	
Other		

Topic	Response	Potential Risk Event (Comment)
4.56 Describe project arrangements for reporting fraud, corruption, waste and misuse of project resources. Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	The fraud, corruption, waste and misuse of project resources can be reported to the project director or head of the IA. Yes, it has.	
5. Internal Audit		
5.1 Is there an internal audit (IA) department in the entity?	There is internal control office	
5.2 What are the qualifications and experience of the IA staff?	ABDAO's finance and accountant have some experience in implementation of NCDD project (funded by SIDA).	
5.3 To whom does the head of the internal audit report?	The internal audit report submits to head of institution.	
5.4 Will the internal audit department include the project in its annual work program?	N/A	
5.5 Are actions taken on the internal audit findings?	Yes. They are.	
5.6 What is the scope of the internal audit program? How was it developed?	The internal audit program is to check the compliances, effectiveness, efficiency, and economy of the entity. It is developed based on the Public Auditing Standard for Cambodia	
5.7 Is the IA department independent?	Yes. It is.	
5.8 Do they perform pre-audit of transactions?	No. They do not.	
5.9 Who approves the internal audit program?	Minister	
5.10 What standards guide the internal audit program?	Public Auditing Standard for Cambodia	
5.11 How are audit deficiencies tracked?	N/A	
5.12 How long have the internal audit staff members been with the organization?	N/A	
5.13 Does any of the internal audit staff have an IT background?	Yes. But limited	
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?	They meet the audit committee headed by the Minister any time they deem it necessary.	
5.15 Has the internal auditor identified / reported any issue with reference to availability and completeness of records?	Yes. It has.	

Topic	Response	Potential Risk Event (Comment)
5.16 Does the internal auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	No, they do not and they need more training.	
6. External Audit – entity level		
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	N/A	
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	N/A	
6.3 Is the audit of the entity conducted in accordance with the International Standards on Auditing, or the International Standards for Supreme Audit Institutions, or national auditing standards?	N/A	
6.4 Were there any major accountability issues noted in the audit report for the past three years?	N/A	
6.5 Does the external auditor meet with the audit committee without the presence of management?	N/A	
6.6 Has the entity engaged the external audit firm for any non-audit engagements (e.g., consulting)? If yes, what is the total value of non-audit engagements, relative to the value of audit services?	N/A	
6.7 Has the external auditor expressed any issues on the availability of complete records and supporting documents?	N/A	
6.8 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N/A	

Topic	Response	Potential Risk Event (Comment)
6.9 Are there any material issues noted during the review of the audited entity financial statements that were not reported in the external audit report?	N/A	
External Audit – project level		
6.10 Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	N/A	
6.11 Are there any recommendations made by the auditors in prior project audit reports or management letters that have not yet been implemented?	N/A	
6.12 Is the project subject to any kind of audit from an independent governmental entity (e.g. the supreme audit institution) in addition to the external audit?	N/A	
6.13 Has the project prepared acceptable terms of reference for an annual project audit? Have these been agreed and discussed with the EA and the auditor?	N/A	
6.14 Has the project auditor identified any issues with the availability and completeness of records and supporting documents?	N/A	
6.15 Does the external auditor have sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N/A	
6.16 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	N/A	
6.17 [For second or subsequent projects] Were past audit reports complete, and did they fully address the obligations under the loan agreements? Were there any material issues noted during the review of the audited project financial statements and	N/A	

Topic	Response	Potential Risk Event (Comment)
related audit report that have remained unaddressed?		
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	The entity prepares financial report and other reports	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	Financial report and other reports is prepared for PIU	
7.3 What is the frequency of preparation of financial statements and reports? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Financial report and other reports are prepared monthly, quarterly, and yearly	
7.4 Does the entity reporting system need to be adapted for project reporting?	The entity follows the existing system (but if there is any new system we will follow)	
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and purpose of the reports?	The district administrative office will prepare reports if it is the requirement of project	
7.6 Are financial management reports used by management?	The financial report shall use by project management	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	The financial report compares the actual expenditure with budget plan and programmed allocation	
7.8 How are financial reports prepared? Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	<ul style="list-style-type: none"> - The financial report reflects the output of action plan - It is prepared by using table in Excel Spreadsheet 	
7.9 Does the financial system have the capacity to link the financial information with the project's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	No, the system does not have this capacity.	

Topic	Response	Potential Risk Event (Comment)
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	The entity has ever implemented the NCDD project of the Ministry of Interior, financed by SIDA	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Financial system and reporting system using Excel SpreadSheet	
8.2 If computerized, is the software off-the-shelf, or customized?	Using customized (manual)	
8.3 Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	Use standalone (separate between entity and project)	
8.4 How are the project financial data integrated with the entity financial data? Is it done through a module in the enterprise financial system with automatic data transfer, or does it entail manual entry?	Use separately between entity and project	
8.5 Is the computerized software used for directly generating periodic financial statements, or does it require manual intervention and use of Excel or similar spreadsheet software?	Use Excel as manual intervention	
8.6 Can the system automatically produce the necessary project financial reports?	Use Excel as manual intervention	
8.7 Is the staff adequately trained to maintain the computerized system?	Finance and accounting staff have ever received short course training on accounting computerized system	
8.8 Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	Management and entity safeguard confidentiality, integrity, and availability of the data.	
8.9 Are there back-up procedures in place?	Google Drive	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	USB, Google Drive	

ANNEX 2

TERMS OF REFERENCE

A. Financial Officer (FO) of PCU/PIUs – Part-Time

The FO's responsibilities will include, but not to be limited to:

- (i) Overall management of, maintaining internal control of and monitoring the integrity of the advance account of DPs, and project petty cash advance, including preparation of monthly reconciliations of the PCU and PIUs in accordance with Financial Management Manual (FMM), Standard Operation Procedures (SOP), and Procurement Manual (PM) for the Externally Funded Projects;
- (ii) Overall management of accounting staff;
- (iii) Ensuring all fund receipts and expenditures are authorized in line with established financial procedures and Financing Agreement with proper supporting documents and are properly recorded in accounting software;
- (iv) Set up, updating, and maintaining the computerized accounting system when necessary;
- (v) Review withdrawal applications, process contract payment certificate, contract register, together with the relevant supporting documents including (a) Statement of Expenditures (SOE) or Summary Sheet (SS); (b) submitting them to CSAF and MEF for approval; and (c) updating payment tracking of WA registers;
- (vi) Management of and reporting the update of all the contracts of civil works, goods, and consultants to the project management on a monthly basis;
- (vii) Review Monthly, Quarterly, Annual Financial Management Reports (FMRs) and submitting them to Project Manager, Project Director, MEF and to DPs;
- (viii) Monitoring project cash flow and taking appropriate actions to ensure both safe and efficient management of funds;
- (ix) Preparing and consolidating the budget/disbursement plan based on the procurement plan for the approval of the project management, MEF, and the DPs for the reliable implementation of the annual work plans;
- (x) Preparing the project financial statements for the audit by the external auditors and monitoring audit results, management response and resolution of issues arising from audits if any;
- (xi) Maintaining, updating, and periodically counting the inventory in according to the FMM, and preparing a periodic report of purchase/disposal of the property;
- (xii) Ensuring that the project complies at all times with the SOP, FMM, PM, Financing Agreement, DPs' Disbursement Guidelines; and
- (xiii) Assisting Project Manager/Project Director in the preparations of PCU for Project Reviews by DPs; and arranging meetings, and workshop, and seminar.

Required Qualifications and Experience: A university degree in public administration, finance, accounting or other relevant field with 5 years relevant work experience and experience supporting internationally financed projects in Cambodia. Good knowledge of any accounting software is an advantage. Familiarity with the RGC systems, such as SOP, FMM and PM is also an advantage.

B. EA Staff (PCU)- Accountant and Administration Assistant (48 person-months, contract over 4 years)

The Accountant and Administration Assistant (PCU) will work closely with the PCU Financial Officer and National Financial Management and Administration Specialist (NFMAS) to ensure that ADB and the government's financial management (FM) guidelines are applied and implemented efficiently and effectively. The Accountant and Administration Assistant's general tasks are, but not limited to the following:

- (xiv) Support the PCU to develop and implement suitable accounting systems and chart of accounts, through the use of accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (xv) Support PCU in implementing the financial management manual (FMM) and standard operating procedures (SOP) throughout the project and ensure the project's compliance with FM requirements of ADB and the government;
- (xvi) Support the NFMAS in conducting the FM training for the project;
- (xvii) Support the PCU in ensuring that robust and effective internal controls are in place throughout project implementation;
- (xviii) Support the PCU Financial Officer in preparing necessary documentation to ensure proper and effective budgeting, accounting and financial reporting of project transactions;
- (xix) Establish a system for filing hard and soft copies of all financial, accounting and administration documents and audit reports;
- (xx) Assist the PCU in liaising with the external auditors to ensure effective annual audits of the project financial statements, as required by the government and ADB.
- (xxi) Assist the PCU with ongoing FM activities for the project and any other activities related to FM.

Required Qualifications and Experience: A university degree in public administration, finance, accounting or other relevant field with 3 years relevant work experience and experience supporting internationally financed projects in Cambodia. Possessing a recognized professional accountancy qualification (e.g. CA/CPA/ACCA) is preferred. Experience with ADB project implementation will be an advantage.

C. National Financial Management and Administration Specialist (17.5 person-months intermittent over 4 years)

The National Financial Management and Administration Specialist (NFMAS) will work closely with the PCU and MEF to ensure that ADB and the government's financial management (FM) guidelines are applied and implemented efficiently and effectively. The consultant will work closely with the PCU Financial Officer to:

- (xxii) Support the PCU and PIUs to develop and implement suitable accounting systems and chart of accounts, through the use of accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (xxiii) Support PCU and PIUs implement the financial management manual (FMM) and standard operating procedures (SOP) throughout the project and ensure the project's compliance with FM requirements of ADB and the government;
- (xxiv) Undertake a FM training needs assessment and implement a FM training program for the PCU and PIU staff to improve their capacity to implement internationally acceptable

- accounting practices and systems (including usage of accounting software), internal controls, financial planning, accounting and financial reporting;
- (xxv) Support the PCU and PIUs on ensuring that robust and effective internal controls are in place throughout project implementation;
 - (xxvi) Support the PCU and PIUs to discuss with the Office of the Council of Minister's (OCM) internal audit unit the required support needed for the inclusion of the project in the internal audit work program of OCM's internal audit unit.
 - (xxvii) Establish a system for filing hard and soft copies of all financial, accounting and administration documents and audit reports;
 - (xxviii) Provide inputs to annual budget/work plan, quarterly progress reports, periodic financial reports and annual project financial statements
 - (xxix) Assist the PCU and PIUs in liaising with the external auditors to ensure effective annual audits of the project financial statements, as required by the government and ADB.
 - (xxx) Assist the PCU and PIUs with ongoing FM of the project and any other activities related to FM.

Required Qualifications and Experience: A university degree in public administration, finance, accounting or other relevant field with 5 years relevant work experience and experience supporting internationally financed projects in Cambodia. Possessing a recognized professional accountancy qualification (e.g. CA/CPA/ACCA) is preferred. Experience with ADB project implementation will be an advantage.

D. IA Staff – Preah Vihear (PV) PIU Finance and Administration Assistant (48 person-months, contract over 4 years)

The Finance and Administration Assistant will work closely with the PV PIU Financial Officer and PCU Finance Team to ensure that ADB and the government's financial management (FM) guidelines are applied and implemented efficiently and effectively. The PV Finance and Administration Assistant's general tasks are, but not limited to the following:

- (i) Support the PV PIU to develop and implement suitable accounting systems and chart of accounts, through the use of accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (ii) Support PV PIU in implementing the financial management manual (FMM) and standard operating procedures (SOP) throughout the project and ensure the project's compliance with FM requirements of ADB and the government;
- (iii) Support the PV PIU ensuring that robust and effective internal controls are in place throughout project implementation;
- (iv) Support the PV PIU Accounting Officer in preparing necessary documentation to ensure proper and effective budgeting, accounting and financial reporting of project transactions;
- (v) Establish a system for filing hard and soft copies of all financial, accounting and administration documents and audit reports;
- (vi) Assist the PV PIU in liaising with the external auditors to ensure effective annual audits of the project financial statements, as required by the government and ADB.
- (vii) Assist the PV PIU with ongoing FM activities for the project and any other activities related to FM.

Required Qualifications and Experience: A university degree in public administration, finance, accounting or other relevant field with 2 years relevant work experience and experience supporting internationally financed projects in Cambodia. Experience with ADB project

implementation will be an advantage.

E. IA Staff – Angkor Borei Project Implementation Unit (AB PIU) Finance and Administration Assistant (48 person-months, contract over 4 years)

The Finance and Administration Assistant (AB PIU) will work closely with the AB Accounting Officer and PCU Finance Team to ensure that ADB and the government's financial management (FM) guidelines are applied and implemented efficiently and effectively. The AB Finance and Administration Assistant's general tasks are, but not limited to the following:

- (i) Support the AB PIU to develop and implement suitable accounting systems and chart of accounts, through the use of accounting software that is acceptable to the ADB and the government to ensure effective and efficient accounting, monitoring and reporting of all financial transactions;
- (ii) Support AB PIU in implementing the financial management manual (FMM) and standard operating procedures (SOP) throughout the project and ensure the project's compliance with FM requirements of ADB and the government;
- (iii) Support the AB PIU ensuring that robust and effective internal controls are in place throughout project implementation;
- (iv) Support the AB PIU Accounting Officer in preparing necessary documentation to ensure proper and effective budgeting, accounting and financial reporting of project transactions;
- (v) Establish a system for filing hard and soft copies of all financial, accounting and administration documents and audit reports;
- (vi) Assist the AB PIU in liaising with the external auditors to ensure effective annual audits of the project financial statements, as required by the government and ADB.
- (vii) Assist the AB PIU with ongoing FM activities for the project and any other activities related to FM.

Required Qualifications and Experience: A university degree in public administration, finance, accounting or other relevant field with 2 years relevant work experience and experience supporting internationally financed projects in Cambodia. Experience with ADB project implementation will be an advantage.