

### III. Professional Infrastructure

This chapter describes the professional accountancy infrastructure in Cambodia. The chapter is structured as follows:

- 1 – Introduction
- 2 – Draft Accounting Law

#### 1. Introduction

There is no officially recognized accounting society or organization in Cambodia, nor is there any identifiable and regulated accounting profession. Most of Cambodia's market economy is cash based and there are limited commercial and industrial sectors. In this environment the need for a structured, regulated, organized and highly educated accounting profession has not been a prime objective. However, as Cambodia overcomes its own financial problems, and foreign investment increases, the need for a strong accounting profession with appropriate accounting standards will become a necessary prerequisite for good financial governance. The accounting profession in Cambodia is not strong and there are only seven accounting firms in the country including three of the Big Five international firms. The promulgation of the draft accounting law, which is at present finalized and ready for consideration by the National Assembly, would enhance the status of the accounting profession in Cambodia.

There has been no formal adoption of international accounting standards in Cambodia nor has there been a consistent adoption of any type of Government accounting standards. The Law on Audit requires adoption of international accounting and auditing standards.

#### 2. Draft Accounting Law

Under Article 13 of the above draft law (refer Chapter II, Section 4) an Institute of Khmer Certified Public Auditors and Accountants is to be formed among professional accountants of Khmer nationality and operating under the aegis of the Ministry of Finance.

If the draft accounting law is passed, the Institute will be formed to provide the country with a national professional body having responsibility in representing its members, promoting and defending the status and the interests of the profession and to participate in the work of the National Accounting Council, which is to be formed under the same draft accounting law.

The Institute will also prepare the rules and duties of the profession and organize the education of nationals wishing to have access to the profession of Certified Public Accountants and Auditors. Regulations relating to the composition, operation and duties of the Institute will be set out by decree in accordance with the provisions of the draft accounting law.

The Royal Government of Cambodia has initiated a financial sector development program that includes the establishment of an Institute of Certified Public Accountants.