

FINANCIAL MANAGEMENT ASSESSMENT

I. INTRODUCTION

1. The FMA was conducted in June 2021, in accordance with the ADB Financial Management Technical Guidance Note (May 2015). Primary data were gathered through the financial management assessment (FMA) questionnaire (Appendix A) from the Ministry of Public Works and Transport (MPWT) as the executing agency (EA) with the Project Management Unit (PMU), and then Provincial Department of Public Works and Transport (PDPWT) of the participating cities as the implementing agencies (IA) and three municipality administrations (MA) as the main focals of the Project Implementation Units (PIU). Consultation interviews were conducted with the relevant government officials. Secondary data were collected from the FMA reports of previous ADB projects.¹ The FMA covered the following aspects: (i) organization and staff capacity, (ii) information management, (iii) fund flow arrangements, (iv) safeguard of assets, (v) strengths and weaknesses, (vi) accounting policies and procedures, (vii) audit, and (viii) project financial reporting system.

II. PROJECT DESCRIPTION

2. At the request of the Kingdom of Cambodia, the Asian Development Bank (ADB) is developing the Livable Cities Investment Project (LCIP) to facilitate long-term sustainable and economic growth in three cities in Cambodia – Bavet, Poipet and Kampot. The Project will focus on enhancing urban planning, building community resilience, and providing urban infrastructure (sanitation, solid waste management and drainage). Project outputs include:

- (i) Output 1: policy and regulatory environment improved;
- (ii) Output 2: urban infrastructure improved, and;
- (iii) Output 3: institutional effectiveness and governance improved.

3. For the implementation of LCIP, a dedicated PMU at the central level in MPWT and a PIU at the provincial level in the three provinces (Bavet in Svay Rieng province, Poipet in Banteay Meanchey province, Kampot in Kampot province) will be established and adequately staffed and will be supported by design and construction supervision (DCS) consultants. A comprehensive capacity-building program is proposed to support the management of public utilities and for financial management during project implementation and operation. A description of the proposed implementation arrangements is included in section IV.

III. COUNTRY AND SECTOR FINANCIAL MANAGEMENT ISSUES

4. Several financial management issues were identified in the Country Partnership Strategy for Cambodia (CPS) for 2019 to 2023.² In public financial management, the main governance issues relate to poor financial management as a result of excessive centralization of budget management. This has led to low accountability of public expenditure and service delivery, which has had a negative impact on the management of development partner funded projects. Financial transparency remains weak at both central and subnational levels because of partial implementation of the financial management information system, underdeveloped budget policy links, and weak internal and external controls. The inadequate procurement systems and capacity and weak anticorruption institutions were also identified as limitations. The limited delegation of functions to sub-national administration has resulted in uncertainty and delays, and postponed the build-up of capacity of sub-national administrations (districts and towns). Internal audit and controls were also identified as weak, increasing fiduciary risks leading to less effective and transparent business processes and practices, including for procurement. The capacity to implement laws remains weak, with widespread use of

¹ ADB. Loan 3686/Grant 0592/Grant 0593: Fourth Greater Mekong Subregion Corridor Towns Development Project

² ADB. Oct 2019. Country Partnership Strategy: Cambodia 2019-2023. Manila.

noncompetitive procurement methods, no independent procurement regulator or anticompetition commission, and low identification and prosecution of procurement irregularities.³

5. Public sector management (PSM) reforms in Cambodia can be grouped into three longstanding programs: public financial management (PFM), decentralization, and public administration. Improvements in PFM systems have been gradual but there have been significant achievements in areas such as tax collection. Decentralization has helped to improve public service delivery and citizen engagement. However, a large portion of subnational expenditures is allocated to recurrent costs such as salaries. As a result, development spending has been curtailed and financing local investment has proved to be challenging.

6. **Public Financial Management Reform Program.** Since 2005 the government-led comprehensive Public Financial Management Reform Program (PFMRP) has been implemented in stages.⁴ The program was originally designed to be completed by 2015 but has now been extended to 2025. This multistage reform program targets four platforms of achievement, namely: (i) more credible budget, (ii) effective financial accountability, (iii) affordable and prioritized policy agenda, and (iv) effective performance accountability. The reform program focuses on the critical activities that will enable the achievement of the key objectives. These are: (i) introducing budget entities to enable delegation of budget responsibility; (ii) improving annual and medium term budget preparation and linking to policies; (iii) making the processes of budget execution more efficient; (iv) extending and improving the budget classification and chart of accounts, to enable more effective record keeping and budgetary control; (v) introducing the Financial Management Information System (FMIS) into the central and provincial treasuries; and (vi) introducing effective internal audit into ministries.

7. Aside from ADB, the World Bank also assisted the government to complete the reform program. Under the Cambodia Public Financial Management Modernization Project 2013-2017, satisfactory progress has been made on the implementation of the revenue mobilization strategy, substantially improving domestic revenue. The project made good progress towards achievement of FMIS Phase 1 implementation. The FMIS is now capable of providing government finance managers a wealth of information to manage and deploy government financial resources across various programs, projects, and spending units. Because the system now operates at both the central and provincial levels, information can be retrieved directly from the system on the amounts and number of transactions being paid through FMIS.⁵

³ There are two procurement oversight and regulatory bodies under the Ministry of Economy and Finance; the Department of Public Procurement and 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.

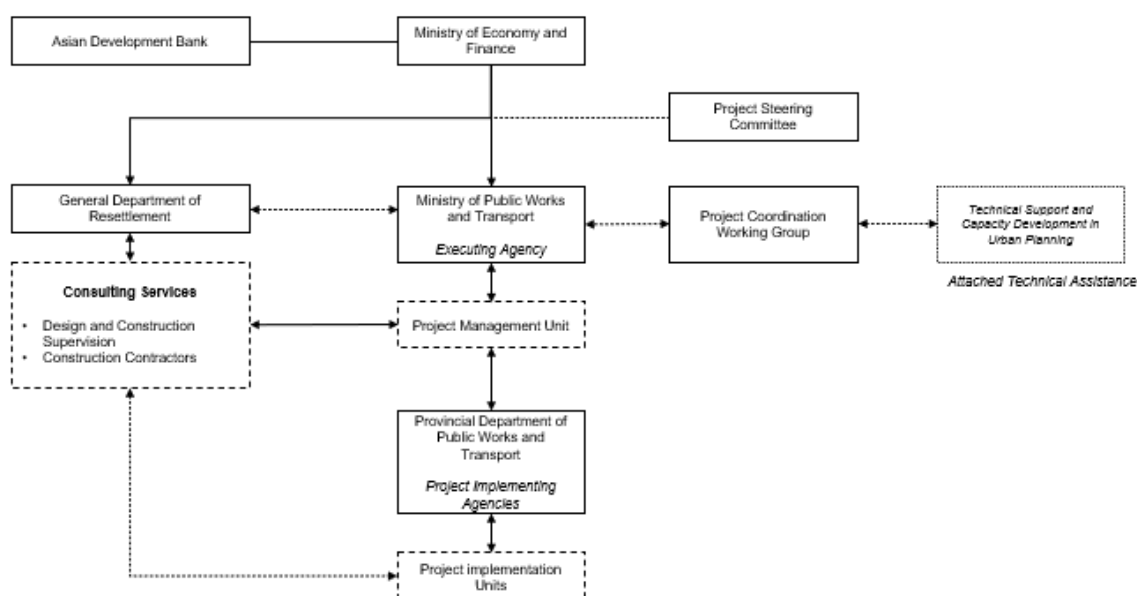
⁴ Royal Government of Cambodia. 2004. *Public Financial Management Reform Program—Strengthening Governance Through Enhanced Public Financial Management*. Phnom Penh. Stage 1 (2005–2008) improved budget credibility; Stage 2 (2009–2015) improved financial accountability; Stage 3 (2016–2020) aims to improve budget policy links; and Stage 4: will improve performance accountability (2021– 2025).

⁵ World Bank. 2017. *Cambodia PFM Modernization Project*. Washington D.C.

IV. PROJECT FINANCIAL MANAGEMENT SYSTEM

8. **Organization and Staff Capacity.** The proposed project's implementation arrangement is below.

Figure 1: LCIP Implementation Arrangements



9. **Borrower.** As Borrower of the loan, the MEF has overall responsibility for the effective management and administration of public investment projects in Cambodia. It has a wide range of responsibilities which are described in the Standard Operating Procedure (SOP).⁶

10. **Executing agency.** The MPWT has been designated by the MEF to be the EA for all sub-components of the Project. A PMU will be set-up at the EA level. The PMU will be held accountable for the implementation and operation of the subproject on behalf of the EA and will work as a national subproject agency. The PMU will be led by a project director, who will be supported by deputy project directors, project managers, engineers/technical officers, safeguard specialists, procurement and financial specialists and administration support. It is recommended that at least one senior staff from the General Department of Sewage and Wastewater Management (GDSWM) be part of the PMU to ensure an effective transition between the implementation phase and the future monitoring of the infrastructure.⁷

11. **Implementing agencies.** The PIAs will supervise and coordinate the implementation of the subproject investments, including the management of the institutional strengthening plan. It will also be responsible for coordinating with the participating agencies and institutions to ensure broad participation in subproject related activities and further enhance subproject ownership.

12. Within each PIA, a Project Implementation Unit (PIU) for each of the three cities will be established to coordinate the day-to-day implementation of the subprojects. The PIUs should include representatives of the municipal administration, and of the key departments such as

⁶ MEF, December 2019. Standard Operating Procedure on Project Management for all Externally Financed Projects/ Programs in Cambodia.

⁷ Refer to para. 15.

director/deputy director of PDPWT (as Chair of the PIU), a technical staff of the Provincial Department of Environment (PDoE), a technical staff of the Provincial Department of Land Management, Urban Planning and Construction (PDLMUPC), and an environment officer and a social officer. The MA, either through the participation of the Municipal Council members or the technical staff of the Office of Public Works, Transport, Environment, Sanitation and Public Order Office (PWTESPO), should be closely associated with the PIU. Other relevant Departments could be involved or at least consulted regularly during the project implementation.

13. The PIUs will ensure adequate working relations with local actors engaged by the PMU, including contractors, suppliers, and service providers. It is recommended that the municipal administration be closely associated with the PIU in order to reinforce its ownership and, therefore, facilitate the transition between the implementation of the project and future services.

14. **Project experience.** MPWT is currently implementing seven ADB-funded projects, in conjunction with other ministries, in particular Ministry of Industry, Science, Technology and Innovation (MISTI) and Ministry of Tourism (MoT), and one technical assistance (TA) for city-wide inclusive sanitation in Phnom Penh.⁸ Several other projects are being implemented by MPWT and funded by other development partners. MPWT has established several PIAs for these projects, and have, in the past, coordinated with other government agencies in implementing externally funded projects. For example, project implementation units (PIU), led by a respective PDPWT, were established in Svay Rieng, Banteay Meanchey, Kampot provinces. The PDPWTs have permanent finance and accounting staff who will be nominated to the PIU. However, if the loan proceeds will be transferred to the provincial PIU level, they must be augmented by additional staff to effectively implement the project. The existing staff also requires training on ADB's loan disbursement and reporting procedures.

15. In December 2019 through a sub-decree, the Government established a General Department of Sewerage and Wastewater Management (GDSWM) within and under the supervision of MPWT.⁹ The GDSWM through three departments is tasked to plan and coordinate the funding, construction, implementation and management and implement all sewerage systems, sludge management sites and wastewater treatment systems in Cambodia. The organization chart is included in the annexes.

16. **Strengths and Weaknesses.** MPWT/PMU has gradually developed its capacity to handle the loan and grant proceeds through implementation of ongoing projects. For example, Kampong Cham, Kratie and Stung Treng provincial governments have implemented and/or being implementing the project funded by international financial institutions.¹⁰ However, the representation of the PIUs are not always consistent, and as such, the experiences of the PIUs vary between the projects.

⁸ Loan No 3686-CAM: Fourth Greater Mekong Subregion Corridor Towns Development Project, 2018; Loan No 3684-CAM: Second Urban Environmental Management in the Tonle Sap Basin Project, 2018; Loan No 3630-CAM & 8335-CAM: Provincial Water Supply and Sanitation Project, 2018; Loan No 3701-REG: Second Greater Mekong Subregion Tourism Infrastructure for Inclusive Growth Project, 2018; Loan No 2983-CAM & 8265-CAM: Greater Mekong Subregion - Southern Economic Corridor Towns, 2013; Loan No 3314-CAM: Second Greater Mekong Subregion Corridor Towns Development Project, 2015; Loan No 3311-CAM & 8295-CAM: Integrated Urban Environmental Management in the Tonle Sap Basin Project, 2015

⁹ Sub-decree 220 ANKR BK on The Promotion of Sewage Management and Construction to the General Directorate of Sewerage and Wastewater Management, under the Supervision of Ministry of Public Works and Transport, 17 December 2019

¹⁰ These include (i) the water supply network expansion funded by the Japan International Cooperation Agency and ADB in Kampong Cham; (ii) proposed sanitation project support by BORDA (Germany based non-profit organization) in Kratie; and (iii) the water supply system funded by ADB in Stung Treng.

17. Opportunities for MPWT/PMU is that the extended period of the PFMRP, i.e., 2025, will correspond to the project implementation period of 2019– 2023. One of the activities targets under the PFMRP includes “introducing effective internal audit into ministries”, where MPWT is one of the key ministries to be supported by the program.

18. **Staffing.** All staff have proper qualification on their jobs and have the opportunity for training and upskilling through training provided by MEF supported by the provincial finance and administration office. Some MPWT staff have already been trained in ADB’s financial management and disbursement manual however staff at the municipal level have limited capacity and capability to support the requirements of project implementation and no knowledge of ADB requirements and procedures.

19. **Funds Flow Arrangement.** Lessons learned from the ongoing project is that setting up subsidiary accounts at the provincial level, which are managed by the PIUs (led by the PIAs) means that the fund flow will become overly complicated, increasing the risk of improper handling of the loan proceeds and documentation. The assessment recommended to adopt a simple structure which limits the fund flow between MEF and MPWT. The MPWT and the PMU are implementing a number of ongoing ADB projects and have knowledge and experience in financial management, management of loan and grant proceeds, and SOE procedures.

20. **Accounting Policies and Procedures.** The PMU and PIU’s accounting policies and procedures will be based on the Cambodian Public Sector Accounting Standards (CPSAS), MEF’s Standard Operating Procedure and Procurement Manual for Externally Financed Projects/Programs (SOP/PMEFP) in Cambodia and MEF’s Financial Management Manual (FMM).

21. **Internal and External Audits.** MPWT’s internal audit department was established under the Sub-decree no. 196/ANKR/BK dated 9 December 2005. Externally, MPWT is audited by the National Audit Office (NAO), which conducts audit of government projects, including technical and financial aspects. Project accounts will be audited by an independent auditor. The audit is performed in accordance with the Cambodian International Standards of Auditing (CISA). External auditors will be selected in accordance with the MEF’s SOP/PMEFP in Cambodia, that requires the government to engage a qualified audit firm every three years based on the quality- and cost-based selection. At the provincial level, PDPWTs and MAS have no internal audit function.

22. **Project Financial Reporting System.** Project financial statements are prepared and reported monthly, quarterly, and annually. Since the financial reports at municipal level are generated manually using excel spreadsheet, the information is not automatically linked to project’s physical progress. It is also prone to error.

23. **Information Management.** MPWT/PMU uses an off-the-shelf financial software (Sage 50 Accounting Premium). The software can generate financial reports automatically. The PIUs will use *Excel* spreadsheets for the Project’s financial report preparation. All financial records are held on a computer in the municipal office and backed up onto a USB drive that is kept by the Chief Accountant. Hard copies of supporting documents are stored in the office. There is a risk that records could be lost, and ideally, records should be backed up to a cloud-based site.

V. RISK DESCRIPTION AND RATING

24. The risks identified from the Country Partnership Strategy preparation and the project specific risks, and their risk assessment and mitigation measures are in Table 2.

Table 1: Risk Assessment and Management Plan

Risk description	Impact	Likelihood	Overall Risk Assessment	Mitigation measures/ Responsibility	Timeline
Inherent Risk					
Financial transparency is weak at central and subnational levels due to partial implementation of the financial management information system, undeveloped budget policy links, weak internal and external controls, inadequate procurement systems and weak anticorruption institutions	High	Unlikely	Substantial	<ul style="list-style-type: none"> - Provide support for financial management throughout project implementation. - Project will develop the FMIS and provide training and capacity development for project staff across the participating cities. - Provide training to government staff on fixed asset management including linkage to asset preventive maintenance activities. 	<ul style="list-style-type: none"> - Throughout the project duration - Q4 2022 and Q4 2023 - Q4 2022 and Q4 2023
Total Inherent Risk			Substantial		
Control Risk					
1. Implementing Entity The PIAs and PIUs have limited experience with the implementation of externally funded projects.	High	Likely	High	PIAs and PIUs will be filled with qualified staff. ADB will provide training on disbursement, financial management and procurement. PMU and DCS consultants will support project management, financial management, monitoring, evaluation procedures and capacity building.	Q2 2022 Throughout the project duration
2. Fund Flow Overly complicated fund flow due to three participating cities, resulting in increased risk of improper handling of the loan proceeds and documentation.	High	Unlikely	Substantial	Fund flow will be simplified and limited to the Borrower and the EA. No subaccounts will be created.	Before loan effectiveness
3. Accounting policies and Procedures The APFS are to be prepared in accordance with Cambodian Public Sector Accounting Standards (CPSAS).	Low	Likely	Moderate	Government to follow the CPSAS in the preparation of the APFS.	Throughout the project duration.

Risk description	Impact	Likelihood	Overall Risk Assessment	Mitigation measures/ Responsibility	Timeline
4. Internal Audit Lack of internal audit system in the provincial and municipal administration.	High	Unlikely	Substantial	Internal audit procedures and manual will be developed and training provided as part of the capacity building program.	Q4 2024
5. External Audit External audit will be outsourced.	Low	Likely	Moderate	MEF will engage a qualified external auditor.	Throughout project duration
6. Reporting and Monitoring Project reports are being prepared and reported regularly.	Low	Likely	Moderate	The PMU will facilitate the preparation of project reports.	Throughout the project duration
7. Information systems Improper record keeping or mistakes due to the use of spreadsheet-based financial management system by the PDPWTs, and municipal administration, which are not backed up.	High	Likely	High	MEF will engage a qualified external auditor to carry out a review of the financial statements. An accounting software and cloud based back up storage will be purchased and implemented for each PDPWT and municipal administration. PMU and PIA will ensure staff are trained in the use of the software.	Throughout the project duration Within 3 months from loan effectiveness
Total Control Risk			Significant		
Overall Risk			Significant		

ADB = Asian Development Bank, APFS = audited project financial statements; DCS = design and construction supervision consultants; FM = financial management; IFRS = international financial reporting standards; PDPWT = Provincial Department of Public Works and Transport, MEF = Ministry of Economy and Finance; MPWT = Ministry of Public Works and Transport, NAS = national accounting standard; O&M = operations and maintenance; PIU = project implementation unit, PMU = project management unit, Q = quarter.

VI. PROPOSED TIME-BOUND ACTION PLAN

25. The proposed actions set out in Table 2 are noted as an action plan to address issues that the financial management assessment identified in the FMA. The proposed time-bound actions are presented below.

Table 2: Time-Bound Action Plan

Weakness	Mitigation Actions	Responsibility	Timeline
1. Implementing Entity PIAs and PIUs have limited experience with the implementation of externally funded projects.	PIAs and PIUs will be filled with qualified staff. ADB will provide training on disbursement, financial management, and procurement. PMU and DCS consultants will support project management, financial management, monitoring, evaluation procedures and capacity building.	EA, PIA, ADB PMU, DCS	Q2 2022 Throughout the project duration
2. Fund Flow Overly complicated fund flow due to three participating cities, resulting in increased risk of improper handling of the loan proceeds and documentation.	Fund flow will be simplified and limited to the Borrower and the EA. No subaccounts will be created.	MEF, EA, ADB	Before loan effectiveness
3. Internal Audit Lack of internal audit system in the provincial and municipal administration.	Internal audit procedures and manual will be developed and training provided as part of the capacity building program.	PMU, DCS	Q4 2024
4. Information systems The use of spreadsheet-based financial management systems by the PDPWTs and municipal administrations may lead to improper record keeping or mistakes.	An accounting software and cloud-based back up storage will be purchased and implemented for each PDPWT and municipal administration. PMU and PIA will ensure staff are trained in the use of the software. Qualified external auditor will be engaged to carry out an audit of financial statements.	EA, PMU, PIU MEF, EA	Within 3 months from loan effectiveness Throughout the project duration

ADB=Asian Development Bank; DCS = design and construction supervision consultants; EA = executing agency; FM = financial management; MEF = Ministry of Economy and Finance; PDPWT = provincial department of public works and transport; PIA = project implementation agency; PIU = project implementation unit; PMU = project management unit.

VII. SUGGESTED FINANCIAL MANAGEMENT COVENANTS

26. The following financial covenants are to be considered in the Loan Agreement. The Borrower shall ensure that the Project Executing Agency:

- (i) Maintains separate accounts and records for the project;
- (ii) Prepares annual project financial statements in accordance with accounting principles acceptable to ADB;
- (iii) Cause such project financial statements to be audited annually by independent auditors acceptable to ADB, in accordance with international standards for auditing or national equivalent acceptable to ADB;
- (iv) Cause the auditors to prepare audit report, and a management letter and furnish to ADB, no later than 6 months after the end of each Fiscal Year (FY),

copies of such audited project financial statements, audit report, and management letter; and

27. It is also recommended that the progress of the financial management action plans be closely reviewed throughout project implementation, including the review of the annual project financial statements and management letters to address any issues throughout the implementation stage, and that at project completion, a comprehensive assessment on the improvement in internal controls, financial management capacity, financial sustainability, and the effectiveness of the financial management risk mitigation measures be conducted and documented as part of the project completion report.

Appendix 1: FMA Questionnaire

MPWT Financial Management Assessment Questionnaire

Topic	Response	Potential Risk Event
1. Executing / Implementing Agency		
1.1 What is the entity's legal status / registration?	The Ministry of Public Works and Transport was established by decree by the Royal Government of Cambodia (RGC) no. NS/RKM/0196/0 3 dated 24 January 1996 and by sub-decree no. 216 ANKR/ BK dated 13 October 2016. Project Management Unit was established by MPWT under its PRAKAS to manage externally financed projects funded by ADB, EDCF and others	Nil
1.2 How much equity (shareholding) is owned by the Government?	Not Applicable (NA)	Nil
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any. ²	NA	-
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	Yes. MPWT is implementing seven projects financed by ADB , and The World Bank, Government of Australia, Japanese International Cooperation Agency, Export- Import Bank of Korea under management of Economic Development Cooperation Fund, and Import-Export Bank of China.	Minor
1.5 Briefly describe the statutory reporting requirements for the entity.	Minister of MPWT reports to the Prime Minister of the RGC	-
1.6 Describe the regulatory or supervisory agency of the entity.	The entity is to report to the Prime Minister	-
1.7 What is the governing body for the project? Is the governing body for the project independent?	Senior Management of the Ministry. Yes, it is 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?	The current organizational structure and details of key management personnel of MPWT is attached in Annex 1A. Yes, it is appropriate	-
1.9 Does the entity have a Code of Ethics in place?	Yes. It follows the Statute for Civil Servants. Project staff will be required to sign the Code of Conduct during project implementation in accordance with ADB's Risk Assessment and Risk Management Plan (RARMP).	-
1.10 Describe (if any) any historical issues reports of ethics violations involving the entity and management. How were they addressed?	No issues related to ethics violations involving the entity and management were reported	-
2. Funds Flow Arrangements		

Topic	Response	Potential Risk Event
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 proposed project funds flow arrangements are shown in Annex 2	Significant
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?	Yes, but partially satisfactory	Some
2.3 Are the disbursement methods appropriate?	Yes, they are appropriate	
2.4 What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?	The transfers of the RGC's fund to the project from MEF and by General Department of National Treasury (GDNT) seem to take a long time	Significant
2.5 In which bank will the Imprest Account (if applicable) be established?	National Bank of Cambodia (NBC) or Foreign Trade Bank (FTB).	-
2.6 Is the bank in which the imprest account is established capable of – <input type="checkbox"/> Executing foreign and local currency transactions? <input type="checkbox"/> Issuing and administering letters of credit (LC)? <input type="checkbox"/> Handling a large volume of transaction? <input type="checkbox"/> Issuing detailed monthly bank statements promptly?	Yes Yes Yes Yes Yes	-
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	Yes, it is according to SOP and FMM for Externally Financed Projects of MEF and ADB's LDH.	-
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	No, not yet formed	significant
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.	Yes, it does. The PMU follows ADB's LDH and FMM	Minor
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 isn't as all transactions are made in US Dollars	-
2.11 How are the counterpart funds accessed?	These funds are included in the annual government budget and are disbursed through the standard government procedure	-
2.12 How are payments made from the counterpart funds?	First, the PMU of the EA has to request the MEF to open the bank account with NBC. After the bank account is opened, the PMU prepares the estimate of the expenditure for the first six months based on the agreed budget between the RGC and the ADB. This is then submitted to the MEF for approval. The approved amount is deposited to the bank account to finance the project disbursements. These funds are replenished in accordance with the government procedures.	some

Topic	Response	Potential Risk Event
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?	NA	-
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?	NA	-
3. Staffing		
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	The organizational chart (simplified) of the PMU showing the finance group is attached in Annex 3A.	-
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	PMU will use existing staff and recruit three additional staff: one finance officer and two finance assistants at the start of the project.	some
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.	Qualifications of existing finance officer is shown in Annex 4 . The job descriptions and requirements are as stated in Standard Operating Procedures (SOP) for Externally Financed Projects/ Programs.	-
3.4 Is the project finance and accounting function staffed adequately?	No. The staffing is based on the Financial Management Manual (FMM) for the externally financed projects/ programs for the current status, but not for the upcoming projects	some
3.5 Are the project finance and accounting staff adequately qualified and experienced?	Yes	-
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	Yes, some MPWT staff	
3.7 What is the duration of the contract with the project finance and accounting staff?	The staff will be hired until the end 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.	Key staff to be defined and recruited at the start of the 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.	The job title, responsibilities, and qualifications of the financial support are to be determined	
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. This is clearly stated in the SOP for Externally Financed Projects /Programs	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Very low turnover for the last 15 years	
3.12 What is training policy for the finance and accounting staff?	Staff are encouraged to attend the training/workshops on Project Management, Financial Management, and Procurement Manual 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.	Standard Operating Procedures (SOP),	

Topic	Response	Potential Risk Event
	Financial Management Manual (FMM), and basic Procurement Manual (PM) for externally financed projects/ programs, Training of Trainer Program for FMM. Evaluation of Project Completion Report, ADB's LDH, and Procurement for Consulting Service	
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?	Yes. The project will use the accounting system based on FMM and ADB's LDH	- some
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes. 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. It is based on FMM and MEF's Prakas.	-
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	-
4.5 Are the General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	Yes	-
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 accounting and supporting documents retained in a defined system that allows authorized users easy access?	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.	-
4.7 Describe any previous audit findings that have not been addressed.	None	
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	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Yes	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes	
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes	
4.13 Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	In advance	
4.14 Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	All variations need prior approval	
4.15 Who is responsible for preparation, approval and oversight/monitoring of budgets?	For the approval of the budget within the budget allocation, PMU Finance Officer is responsible for	

Topic	Response	Potential Risk Event
	preparing the budget and the PMU 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 in accordance with the SOP and FMM.	
4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals? Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds? Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects? What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?	Yes Yes, it happens. They are dealt with based on the FMM. No No, as it is processed in consultation with MEF and DP	
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	
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	
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 (i) the number of project staff as stated in MPWT's Prakas and (ii) the salary supplement is based on MEF's decision	
Policies and Procedures		
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 (CAS), 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. 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	
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	

Topic	Response	Potential Risk Event
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	Yes. These are stated in the SOP, FMM and PM; ADB's LDH; and WB's Disbursement Procedures.	
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. These are stated in the SOP, FMM, and PM.	
4.28 Are manuals distributed to appropriate personnel?	Yes	
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.	Project Director	
4.31 Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	Yes	
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, controls exist.	
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	
4.34 Are all reconciling items approved and recorded?	Yes	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	
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. The ceiling of petty cash is not exceeding US\$1000 based on the FMM.	
4.39 For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	NA	
Safeguard over Assets		
4.40 What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?	The policies and procedures are clearly stated in FMM.	
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. The register is updated every six months. Yes, register record ownership of assets.	- some
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	Yes	
4.43 Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	Yes	
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. If a discrepancy is found, it will be immediately resolved and the relevant party(s) informed	
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?	They are stated in the FMM.	
4.46 Are assets sufficiently covered by insurance policies?	Motor vehicles are covered by insurance. For other capital assets, this will depend on the	

Topic	Response	Potential Risk Event
	discussion between the PMU/ PIU and MEF	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	For the assets purchased, they shall be managed and maintained based on the asset management as stated in the FMM	
Other Offices and Implementing Entities		
4.48 Describe any other regional offices or executing entities participating in implementation.	NA	
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.	NA	
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?	NA	
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?	NA	
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.	NA	
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.	NA	
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	
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	Yes	
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?	There is an arrangement to report to the Project Director or head of the EA, MPWT and to the General Department of Public Procurement, MEF and copied to Department of Cooperation and Debt Management, MEF. Advise has been made	
5. Internal Audit		
5.1 Is there an internal audit (IA) department in the entity?	Yes. It was established by Sub-decree no. 196/ANKR/BK dated 9 December 2005 by the RGC. The internal audit department (IAD) is reasonable to prepare audit plan to be approved by the Minister of MPWT to conduct the audit of the departments at the MPWT and the PDPWT at the provinces	
5.2 What are the qualifications and experience of the IA staff?	IAD is composed of 21 staff: 3 with degree of civil engineer, 10 with bachelor degree of Business	

Topic	Response	Potential Risk Event
	Administration; and 8 with Master Degree	
5.3 To whom does the head of the internal audit report?	The Director of IAD reports to Minister of MPWT	
5.4 Will the internal audit department include the project in its annual work program?	It will include projects in its annual work program only after it has been trained on how to audit projects.	
5.5 Are actions taken on the internal audit findings?	Yes, around 25% to 95% of the findings identified by IAD have been implemented depending on commitment of departments, provincial departments, and public enterprises	
5.6 What is the scope of the internal audit program? How was it developed?	The IAD can conduct the internal audit on departments, provincial departments, and public enterprises of MPWT. The internal audit program is developed to check effectiveness, efficiency and economy of the entity, the responsibilities of financial reports, the compliance with laws, policies, orders, and procedures. It is developed based on the Public Auditing Standard for Cambodia	
5.7 Is the IA department independent?	Yes	
5.8 Do they perform pre-audit of transactions?	Yes	
5.9 Who approves the internal audit program?	The Minister of MPWT	
5.10 What standards guide the internal audit program?	Law on audit of Cambodia, Sub-decree on establishment and organization of internal audit of ministries, entities, public enterprises, Sub-decree on establishment of Internal Audit Department of MPWT, and work program of IAD	
5.11 How are audit deficiencies tracked?	The deficiencies are tracked in the table containing the current year findings and prior year findings to ensure the actions are taken to rectify these deficiencies	
5.12 How long have the internal audit staff members been with the organization?	Most of the employees have been working for IAD around 7 years	
5.13 Does any of the internal audit staff have an IT background?	No	
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?	They can 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?	No	
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)?	All of staff of IAD except the Director have never been trained on SOP,	

Topic	Response	Potential Risk Event
	FMM, PM, ADB's LDH, and WB's Disbursement Guidelines.	
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	- some risk
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 after 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 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	
6.5 Does the external auditor meet with the audit committee without the presence of management?	Yes, if they wish or they can write a letter to the audit committee headed by the Minister	
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	
6.7 Has the external auditor expressed any issues on the availability of complete records and supporting documents?	No	
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)?	Yes	
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?	No	
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?	Only external auditor(s) to be appointed 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?	None	
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 NAA. 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?	No. This will be done during project implementation	
6.14 Has the project auditor identified any issues with the availability and completeness of records and supporting documents?	NA	
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)?	The terms of reference for the external auditor will require knowledge of	

Topic	Response	Potential Risk Event
	ADB's guidelines and procedures including LDH	
6.16 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?	None	
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?	Yes, the past audit reports were complete. No, all material issues were addressed	
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	Yes	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	Yes	
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	
7.4 Does the entity reporting system need to be adapted for project reporting?	Yes, the financial reports are generated from computerize accounting system and exported into spreadsheet for the further modification before the approval from PM and PD	
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 established according to FMM	
7.6 Are financial management reports used by management?	Yes	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	
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 are prepared by using data from the computerized accounting system	
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?	Yes	
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	Yes	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Yes, the accounting system is computerized and the financial reports are prepared automatically	
8.2 If computerized, is the software off-the-shelf, or customized?	The software is off-the-shelf. Sage 50 Accounting Premium – licensed version 2017	
8.3 Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	The computerized software can be shared.	
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?	They are integrated by the Finance Officer and reviewed by Financial Management consultant	
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?	Yes	
8.6 Can the system automatically produce the necessary project financial reports?	Yes, but needs further modification	
8.7 Is the staff adequately trained to maintain the computerized system?	Yes, but not an advanced level	

Topic	Response	Potential Risk Event
8.8 Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	Yes	
8.9 Are there back-up procedures in place?	Yes	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	It is backed-up in a computer and copied into external hard disk drives and kept in the safe	

Financial Management Assessment Questionnaire of PDPWTs

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
1. Executing / Implementing Agency			
1.1 What is the entity's legal status / registration?			
1.2 How much equity (shareholding) is owned by the Government?			
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any.2			
1.4 Has the entity implemented an externally-financed project in the past? If yes, please provide details.	PIU មិនដែលទទួលគម្រោងក្រៅទេ External-financed project have never been provided.	ខាង PIU មិនដែលទទួលគម្រោងផ្ទាល់ពីខាងក្រៅទេ PIU have never implemented project directly.	ខាង PIU មិនដែលទទួលគម្រោងផ្ទាល់ពីខាងក្រៅទេ Direct project had never been provided
1.5 Briefly describe the statutory reporting requirements for the entity.	PIU មានReport ការងារទៅ PMU	ខាង PMU តម្រូវឱ្យ PIU ធ្វើរបាយការណ៍ប្រចាំខែជូន Monthly reports to PMU	ខាង PMU តម្រូវឱ្យ PIU ធ្វើរបាយការណ៍ប្រចាំខែជូន PIU prepare monthly report for PMU.
1.6 Describe the regulatory or supervisory agency of the entity.			
1.7 What is the governing body for the project? Is 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?	ប្រធាន PIU ម្នាក់ និងមន្ត្រី ២ នាក់ មកពីមន្ទីរអនុប្រធានម្នាក់ និងមន្ត្រី ២ នាក់ មកពីក្រុងបាវិត <ul style="list-style-type: none"> 1 chief and 1 deputy & 2 officials from DPWT 2 officials from municipality 	PIU មានប្រធានគម្រោង ១ នាក់ អនុប្រធាន ១ នាក់ និង សមាជិក ៧ នាក់ សរុប ៩ នាក់ ទៅតាមតម្រូវការរបស់គម្រោង (រួមបញ្ចូលទាំងមន្ត្រីសាលាក្រុង) PIU is composed of one project manager, one deputy and 7 members regardless of municipal staff	PIU មានប្រធានគម្រោងម្នាក់ អនុប្រធាន ពីរនាក់ និង សមាជិក PIU ទៅតាមតម្រូវការរបស់គម្រោង (រួមបញ្ចូលទាំងមន្ត្រីសាលាក្រុង) PIU exists of 1 chief of project and 2 deputies and Members as required by the project (including municipal officials)
1.9 Does the entity have a Code of Ethics in place?			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
1.10 Describe (if any) any historical issues reports of ethics violations involving the entity and management. How were they addressed?			
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.			
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?			
2.3 Are the disbursement methods appropriate?			
2.4 What have been the major problems in the past involving the receipt, accounting and/or administration of funds by the entity?			
2.5 In which bank will the Imprest Account (if applicable) be established?			
2.6 Is the bank in which the imprest account is established capable of – <input type="checkbox"/> Executing foreign and local currency transactions? <input type="checkbox"/> Issuing and administering letters of credit (LC)? <input type="checkbox"/> Handling a large volume of transaction? <input type="checkbox"/> Issuing detailed monthly bank statements promptly?			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?			
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from 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.			
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.			
2.11 How are the counterpart funds accessed?			
2.12 How are payments made from the counterpart funds?			
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?			
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?			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
3. Staffing			
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	ការិ.ហិរញ្ញវត្ថុមានប្រធាន១រូប អនុរូប មន្ត្រី ៣រូប 1 chief+3 deputies+3 officials	ប្រធានគណនេយ្យ អនុប្រធាន២នាក់ និងបុគ្គលិក៤នាក់ One Chief Accountant 2 deputies and 4 staff	ប្រធានគណនេយ្យ អនុប្រធាន២នាក់ និងបុគ្គលិក៤នាក់ 1 chief accounting, 2 deputies and 5 members
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	ប្រើប្រាស់មន្ត្រីដែលមានស្រាប់ Recruitment from existing officials	ខាងគម្រោងតែងតែរើសបុគ្គលិកមន្ត្រី តាមអង្គភាពដែលមានស្រាប់ We always recruited existing staff	ខាងគម្រោងតែងតែរើសបុគ្គលិកមន្ត្រី តាមអង្គភាពដែលមានស្រាប់ Project staff are always selected from existing team
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.	ការិ.ហិរញ្ញវត្ថុមន្ត្រី មានលិខិតបង្គាប់ការ សំរាប់មន្ត្រីម្នាក់ៗ Finance & Adm Office, Directive Letter for each staff.	មាន Yes and attach later	Available-មាន
3.4 Is the project finance and accounting function staffed adequately?	មន្ត្រីមានគ្រប់គ្រាន់ Adequate staff	គ្រប់គ្រាន់ adequately	គ្រប់គ្រាន់ Adequately
3.5 Are the project finance and accounting staff adequately qualified and experienced?	មន្ត្រីមានគ្រប់គ្រាន់ Adequate staff	មានបទពិសោធន៍គ្រប់គ្រាន់ With qualified experience	មានបទពិសោធន៍គ្រប់គ្រាន់ With qualified and experienced performance
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	PIU មិនមានការងារនេះទេ Never for PIU	រាល់គម្រោងទាំងអស់តែងតែត្រូវបាន បណ្តុះបណ្តាលតាមជំនាញ All project is always trained according to expertise	រាល់គម្រោងទាំងអស់តែងតែត្រូវបាន បណ្តុះបណ្តាលតាមជំនាញ All projects with training according to expertise
3.7 What is the duration of the contract with the project finance and accounting staff?	ជាទូទៅគិតចាប់ពីពេលចាប់ផ្តើម ដល់បញ្ចប់គម្រោង From start till end of project	បុគ្គលិកទាំងអស់ត្រូវបានជាប់កិច្ចសន្យា តាំងពីសិក្សាគម្រោងរហូតដល់បញ្ចប់គម្រោង All staff must be contracted from feasibility study until the end of project	បុគ្គលិកទាំងអស់ត្រូវបានជាប់កិច្ចសន្យា តាំងពីសិក្សាគម្រោងរហូតដល់បញ្ចប់គម្រោង All contract staff always implement from beginning to end.

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	មិនមាន No	ភ្នាក់ងារទទួលប្រមូលចំណូល ភ្នាក់ងារទូទាត់ Collection Agency Payment Agent	ភ្នាក់ងារទទួលប្រមូលចំណូល ភ្នាក់ងារទូទាត់ Collection agent Payment agent
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.			
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?			
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	មិនមាន Never	អត់មាន Never	អត់មាន Never
3.12 What is training policy for the finance and accounting staff?	គំណាត គណន័យភាព Transparency & Accountability	ត្រូវមាន Yes require	មិនមាន??? បើចាំបាច់ទើបបញ្ជូន No policy Traning if neccessary
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	មានសិក្ខាសាលាសំរាប់សារាចរនៃនាំថ្មីៗពីក្រសួង Workshop on new circular.	- សិក្ខាសាលាស្តីពីសារាចរនៃនាំរបស់ក្រសួង - សិក្ខាសាលាស្តីពីការប្រមូលចំណូលតាមប្រព័ន្ធ -Guideline from MPWT -How to collect revenue on line	- សិក្ខាសាលាស្តីពីសារាចរនៃនាំរបស់ក្រសួង - សិក្ខាសាលាស្តីពីការប្រមូលចំណូលតាមប្រព័ន្ធ Workshop of guideline from MPWT Workshop on revenue collection
4. Accounting Policies and Procedures			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	មិនមែនមានគម្រោងហិរញ្ញវត្ថុជាមួយ ADB ទេ DPWT have never received financed project directly from ADB	អត់ No (excel)	អត់ Never! Only excel spreadsheet.
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?			
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.			
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?			
4.5 Are the General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?			
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 accounting and supporting documents retained in a defined system that allows authorized users easy access?	PMU PMU manages	PMU ជាអ្នករៀបចំ PMU manages	PMU ជាអ្នករៀបចំ PMU carries out
4.7 Describe any previous audit findings that have not been addressed.	ការរំលោភនីតិវិធី Encroachment of rights of way	មិនធ្លាប់មាន Never	មិនធ្លាប់មាន Never!
Segregation of Duties			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	មន្ទីរមានការគ្រប់គ្រងទ្រព្យសម្បត្តិរដ្ឋ DPWT owned and controlled properties	PMU ជាអ្នករៀបចំ PMU manages	មិនធ្លាប់មាន Never!
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	PMU	PMU ជាអ្នករៀបចំ PMU manages	PMU ជាអ្នករៀបចំ PMU manages and carries out
Budgeting System			
4.10 Do budgets include physical and financial targets?	PMU	PMU ជាអ្នករៀបចំ PMU manages	PMU ជាអ្នករៀបចំ PMU manages and carries out
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	មាន Ever	មាន Yes	មាន Ever
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	PMU និង ស្ថាប័នពាក់ព័ន្ធ PMU and Relevant Dept	មាន Yes	មាន Ever
4.13 Are approvals for variations from the budget required (i) in advance, or (ii) after the fact?	PMU	PMU ជាអ្នករៀបចំ PMU manages	PMU ជាអ្នករៀបចំ PMU manages and carries out
4.14 Is there a ceiling, up to which variations from the budget may be incurred without obtaining prior approval?	មិនមាន Never	អត់មាន No	អត់មាន Never
4.15 Who is responsible for preparation, approval and oversight/monitoring of budgets?	PMU	ប្រធានគ្រប់គ្រងគម្រោង Project Manager	ប្រធានគម្រោង Project manager/Director

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	មិនមាន Never	អត់មាន No	អត់មាន Never
4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals? Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds? Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects? What is the extent of over- or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?			
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?	PMU Never	អត់មាន No	អត់មាន Never

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
4.19 Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?	Never	អត់មាន Never	អត់មាន Never
4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?		អត់មាន Never	អត់មាន Never Civil Servants
Policies and Procedures			
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	មិនមាន??? No reason	អត់មាន No, I think at least cash basic	អត់មាន??? (ត្រូវរំលឹកយក១ក្នុង២)
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?	មិនមាន No reason At least National Standard Format	អត់មាន No I think at least national standard one using excel spreadsheet	អត់មាន (ថ្នាក់ជាតិ)
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?			
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	មិនមាន Never	អត់មាន No	អត់មាន No! Never
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?	មិនមាន Never	អត់មាន No	អត់មាន No! Never
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	មិនមាន	អត់មាន No	អត់មាន No! Never

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	មិនមាន Never	អត់មាន No, never	អត់មាន No! Never
4.28 Are manuals distributed to appropriate personnel?	មិនមាន Never	អត់មាន Never	អត់មាន Never
4.29 Describe how compliance with policies and procedures are verified and monitored.	មិនមាន Never	អត់មាន	អត់មាន Never
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.	រាល់ការផ្ទេរប្រាក់ពីគម្រោងរដ្ឋគឺទៅក្នុងធនាគាររបស់មន្ទីរ ដែលចេញស្នែកដោយប្រធានមន្ទីរ Chief of DPWT can issue cheque	អត់ដឹង I don't know	អត់ដឹង (Know nothing ask PMU?)
4.31 Does the organization maintain an adequate and up-to-date cashbook recording receipts and payments?	PMU	PMU ជាអ្នករៀបចំ PMU manages	PMU ជាអ្នករៀបចំ PMU manages and carries out
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?	មិនមាន Never controlled	អត់មាន No	អត់មាន No
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?	PMU	PMU រៀបចំ PMU manages	PMU រៀបចំ PMU manages and carries out
4.34 Are all reconciling items approved and recorded?	មិនមាន Never	មាន Yes	មាន Ever!
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	មិនមាន Never	អត់មាន Never	អត់មាន No
4.36 Are there any persistent/non-moving reconciling items?	មិនមាន Never	អត់មាន No	អត់មាន No

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
4.37 Are there appropriate controls in safekeeping of unused cheques, USB keys and passwords, official receipts and invoices?	មិនមាន Never	អត់មាន No	អត់មាន No
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	មិនមាន Never	អត់មាន No	អត់មាន No
4.39 For online transactions, how many persons possess USB keys (or equivalent), and passwords? Describe the security rules on password and access controls.	មិនមាន Never	អត់មាន No	អត់មាន No
Safeguard over Assets			
4.40 What policies and procedures are in place to adequately safeguard or protect assets from fraud, waste and abuse?		អត់មាន No	អត់មាន No
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?	PIU មានសុពលភាព PIU validation	មាន Yes	មាន Yes
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	មាន Yes	មាន Yes	មាន Yes
4.43 Are there periodic physical inventories of fixed assets, inventories and stocks? Are fixed assets, inventories and stocks appropriately labeled?	មាន Yes	មាន Yes	មាន Yes
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?	PMU	អត់មាន No	អត់មាន No
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?	មន្ទីរមានការស្នើរសុំដកប្រាក់បញ្ញើ PPWT ask for disposal or liquidation	អត់មាន No	អត់មាន Never

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
4.46 Are assets sufficiently covered by insurance policies?	មិនមាន Never	អត់មាន No	អត់មាន No
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	មិនមាន Never done	អត់មាន No	អត់មាន No record
Other Offices and Implementing Entities			
4.48 Describe any other regional offices or executing entities participating in implementation.			
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.			
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?			
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?			
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.			
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.			
Contract Management and Accounting			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	មិនមាន Never	អត់មាន Never	អត់មាន No
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	មិនមាន Never	អត់មាន Never	អត់មាន No
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?			PMU រៀបចំ PMU manages
5. Internal Audit			
5.1 Is there an internal audit (IA) department in the entity?	No Internal Audit section	No internal Audit	No internal audit
5.2 What are the qualifications and experience of the IA staff?			
5.3 To whom does the head of the internal audit report?			
5.4 Will the internal audit department include the project in its annual work program?			
5.5 Are actions taken on the internal audit findings?			
5.6 What is the scope of the internal audit program? How was it developed?			
5.7 Is the IA department independent?			
5.8 Do they perform pre-audit of transactions?			
5.9 Who approves the internal audit program?			
5.10 What standards guide the internal audit program?			
5.11 How are audit deficiencies tracked?			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
5.12 How long have the internal audit staff members been with the organization?			
5.13 Does any of the internal audit staff have an IT background?			
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?			
5.15 Has the internal auditor identified / reported any issue with reference to 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)?			
6. External Audit – entity level			
6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor?	By MEF and MOI and Audit Authority. Done every year	ជូនផ្នែកគណនេយ្យមន្ទីរ ជួយបំពេញ Refer to DPWT to fill in	By MEF and MOI and Audit Authority. Done every year
6.2 Are there any delays in audit of the entity? When are the audit reports issued?	PIU មិនមានសវនកម្មចុះទេ Never been audited	PIU មិនដែលមាន Never for PIU	PIU មិនដែលមាន Never
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?		អត់មាន No	អត់មាន Never
6.4 Were there any major accountability issues noted in the audit report for the past three years?	មិនមាន Never	ជូនផ្នែកគណនេយ្យមន្ទីរ ជួយបំពេញ Refer to DPWT to fill in	Yes, mistakes in payment processing procedures (need 3 quotation for supply of goods and services)
6.5 Does the external auditor meet with the audit committee without the presence of management?	មិនមាន Never	អត់មាន No	អត់មាន No

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	មិនមាន Never	អត់មាន No	អត់មាន No
6.7 Has the external auditor expressed any issues on the availability of complete records and supporting documents?	មិនមាន Never	អត់មាន No	អត់មាន No
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)?		អត់ដឹង No	អត់ដឹង Know nothing
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?	មិនមាន Never	អត់ដឹង No	អត់មាន No
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?			
6.11 Are there any recommendations made by the auditors in prior project audit reports or management letters that have not yet been implemented?			
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?			
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?			
6.14 Has the project auditor identified any issues with the availability and completeness of records and supporting documents?			

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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)?			
6.16 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?			
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?			
7. Reporting and Monitoring			
7.1 Are financial statements and reports prepared for the entity?	មន្ទីរមាន Yes	មាន Yes	មាន Yes
7.2 Are financial statements and reports prepared for the implementing unit(s)?	មន្ទីរមាន Yes	មាន Yes	មាន Yes
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?		របាយការណ៍បេសកកម្ម របាយការណ៍សកម្មភាពប្រចាំថ្ងៃ Mission Report and Activity	របាយការណ៍បេសកកម្ម របាយការណ៍សកម្មភាពប្រចាំថ្ងៃ Only expense vs. revenue
7.4 Does the entity reporting system need to be adapted for project reporting?	មន្ទីរមាន Yes	មាន Yes	មាន Yes
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?		PMU ជាអ្នករៀបចំ PMU Manages	PMU ជាអ្នករៀបចំ PMU manages
7.6 Are financial management reports used by management?	PMU	PMU ជាអ្នករៀបចំ PMU Manages	PMU ជាអ្នករៀបចំ PMU manages
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	មាន Yes	មាន Yes	មាន Yes

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
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?	ទូទាត់តាមវិក័យបត្រ Based on invoices	ទូទាត់តាមរយៈវិក័យបត្រ Payment based on Invoices	ទូទាត់តាមរយៈវិក័យបត្រ Payment based on invoice
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?	មិនមាន Never	No-អត់មាន	No-អត់មាន
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	មិនមាន Never	No-អត់មាន	No-អត់មាន
8. Information Systems			
8.1 Is the financial accounting and reporting system computerized?	តាមកុំព្យូទ័រ Based on computer They don't understand the question At least excel spreadsheet	Yes-មាន	Yes-មាន
8.2 If computerized, is the software off-the-shelf, or customized?	មិនមាន No software	No-អត់មាន	No-អត់មាន
8.3 Is the computerized software standalone, or integrated and used by all departments in the headquarters and field units using modules?	No	No-អត់មាន	No-អត់មាន
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?	មិនមាន Never	No-អត់មាន Never	No-អត់មាន Never
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?	ប្រើប្រាស់ Excel Excel Spreadsheet	No-អត់មាន Excel	No-អត់មាន Excel

	Svay Rieng DPWT (Bavet)	Banteay Mean Chey DPWT (Poipet)	Kampot DPWT (Kampot)
Topic	Response	Response	Response
8.6 Can the system automatically produce the necessary project financial reports?	មិនមាន No	No-អត់មាន	No-អត់មាន
8.7 Is the staff adequately trained to maintain the computerized system?	មិនមាន No training	No-អត់មាន	No-អត់មាន
8.8 Do the management, organization and processes and systems safeguard the confidentiality, integrity and availability of the data?	មិនមាន No	Yes-មាន	Yes-មាន
8.9 Are there back-up procedures in place?	មិនមាន No	Yes-មាន	Yes-មាន
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake and calamity protection for backups.	មិនមាន No	No-អត់មាន	No-អត់មាន

Bavet Municipality Financial Management Assessment Questionnaire

Topic	Response	Potential Risk Event
1. Executing / Implementing Agency		
1.1 What is the entity's legal status/registration?	A municipal entity, estb 2009	
1.2 How much equity (shareholding) is owned by the Government?	100%	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion), if any.2	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.	Monthly, quarterly, six-monthly and annual	
1.6 Describe the regulatory or supervisory agency of the entity.	Svay Rieng Provincial government	
1.7 What is the governing body for the project? Is the governing body for the project independent?	N.A.	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	See attached diagram in the report	
1.9 Does the entity have a Code of Ethics in place?	Government regulations apply	
1.10 Describe (if any) any historical issues report of ethics violations involving the entity and management. How were they addressed?	N.A.	
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.	N.A., to be determined	
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?	N.A., to be determined	
2.3 Are the disbursement methods appropriate?	N.A., to be determined	
2.4 What have been the major problems in the past involving the receipt, accounting, and/or administration of funds by the entity?	N.A.	
2.5 In which bank will the Imprest Account (if applicable) be established?	N.A., to be determined	
2.6 Is the bank in which the imprest account is established capable of – <input type="checkbox"/> Executing foreign and local currency transactions? <input type="checkbox"/> Are they issuing and administering letters of credit (LC)? <input type="checkbox"/> Are you handling a large volume of transaction? <input type="checkbox"/> Issuing detailed monthly bank statements promptly?	N.A., to be determined	
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	N.A.	
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	N.A. unlikely	
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	N.A. structure not yet determined	

Topic	Response	Potential Risk Event
establishment of a ceiling on the use of the SOE procedure.		
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	N.A.	
2.11 How are the counterpart funds accessed?	N.A.	
2.12 How are payments made from the counterpart funds?	N.A.	
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?	N.A.	
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. to be determined, but unlikely	
3. Staffing		
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	The Bavet Municipal Admin & Finance Office has 4 staff: Chief Accountant, Accountant, Revenue/Expenses Clerk, & Cashier	
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	N.A.	
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.	Chief Accountant, B. Law, Accountant, B. Mgmt.	
3.4 Is the project finance and accounting function staffed adequately?	Yes, for the current workload.	
3.5 Are the project finance and accounting staff adequately qualified and experienced?	No, they have limited formal finance and accounting qualifications but receive adequate on-the-job training	
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	No	
3.7 What is the duration of the contract with the project finance and accounting staff?	Permanent staff	
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	Require 2 more staff Assistant Accountants	
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.	N.A.	
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?	N.A.	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Low	
3.12 What is the training policy for the finance and accounting staff?	Receive on-the-job training from the Provincial office	

Topic	Response	Potential Risk Event
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	On-the-job training	
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project finance 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?	No, they use a rudimentary Excel-based system that is used in most municipal offices	
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
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.	They use the standard COA according to the Ministry of Economic and Finance (MEF)	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
4.5 Are General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	No, not regularly	
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 accounting and supporting documents retained in a defined system that allows authorized users easy access?	N.A. to be determined	
4.7 Describe any previous audit findings that have not been addressed.	Audit reports were not made available	
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, Deputy Governor is responsible for payment authorization and payment made by Finance Dept from Provincial Treasury following MEF procedures	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Only financial targets mostly	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes	

Topic	Response	Potential Risk Event
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes, on a rudimentary basis.	
4.13 Are approvals for variations from the budget required (i) in advance or (ii) after the fact?	Extra funds are allocated quarterly from the Central govt based on actual expenditure	
4.14 Is there a ceiling up to which variations from the budget may be incurred without obtaining prior approval?	No	
4.15 Who is responsible for the preparation, approval, and oversight/monitoring of budgets?	Finance staff and technical staff prepare the budget for approval by the Municipal Board of Governors	
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 Municipal Board of Governors plus technical staff prepare the budget based on the previous year for approval by the Municipal Council and submission to the Provincial DEF and, ultimately, the National Assembly for approval.	
4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals? Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or inability of the EA to absorb/spend released funds? Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects? What is the extent of over-or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?	Yes Yes N.A. Budget allocation differs from actual expenditure historically	
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 the authenticity of invoices and supporting documents?	Yes	
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	
4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?	Yes	
Policies and Procedures		

Topic	Response	Potential Risk Event
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	Accrual	
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?	MEF standards and guidelines – National Accounting Standards for Cambodia	
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	N.A.	
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	MEF has guidelines that are updated regularly, usually yearly	
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, follow MEF guidelines	
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	MEF guidelines	
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, according to Government regulations	
4.28 Are manuals distributed to appropriate personnel?	MEF guidelines are available	
4.29 Describe how compliance with policies and procedures are verified and monitored.	N.A.	
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.	Chief Accountant	
4.31 Does the organization maintain adequate and up-to-date cashbook recording receipts and payments?	Yes, in Excel	
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?	Yes	
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?	Bank accounts help at the Provincial Office	
4.34 Are all reconciling items approved and recorded?	Yes	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	
4.36 Are there any persistent/non-moving reconciling items?	No	
4.37 Are there appropriate controls in the safekeeping of unused cheques, USB keys, and passwords, official receipts, and invoices?	Yes, keeping in the office safe	

Topic	Response	Potential Risk Event
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No	
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?	Standard government practice	
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 have a register of Municipal Assets	
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	N.A.	
4.43 Are there periodic physical inventories of fixed assets, inventories, and stocks? Are fixed assets, inventories, and stocks appropriately labeled?	Yes	
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	
4.45 Describe the policies and procedures in the disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost or repair broken assets?	Some assets that have been written off the need to be disposed of.	
4.46 Are assets sufficiently covered by insurance policies?	Government policy	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	Some fully depreciated and written off assets need to be disposed of	
Other Offices and Implementing Entities		
4.48 Describe any other regional offices or executing entities participating in implementation.	None, only the Municipal Office	
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 the 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 using the same accounting and reporting system?	N.A.	

Topic	Response	Potential Risk Event
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 the gross value of the contract and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with the physical outputs/deliverables of the contract?	Some small size contracts are let by the Procurement Office and included in the annual expenditure	
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	Supervision is provided by technical staff	
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?	Government standards apply	
5. Internal Audit		
5.1 Is there an internal audit (IA) department in the entity?	No	
5.2 What are the qualifications and experience of the IA staff?	N.A.	
5.3 To whom does the head of the internal audit report?	N.A.	
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?	N.A.	
5.6 What is the scope of the internal audit program? How was it developed?	N.A.	
5.7 Is the IA department independent?	N.A.	
5.8 Do they perform pre-audit of transactions?	N.A.	
5.9 Who approves the internal audit program?	N.A.	
5.10 What standards guide the internal audit program?	N.A.	
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?	N.A.	
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?	N.A.	
5.15 Has the internal auditor identified/reported any issue with reference to availability and completeness of records?	N.A.	

Topic	Response	Potential Risk Event
5.16 Does the internal auditor sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N.A.	
6. External Audit – entity level		
6.1 Is the entity financial statement regularly audited by an independent auditor? Who is the auditor?	Yes, MEF and Ministry of Interior	
6.2 Are there any delays in the audit of the entity? When are the audit reports issued?	Yearly	
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?	According to Cambodian standards	
6.4 Were there any major accountability issues noted in the audit report for the past three years?	Audit reports were not made available to the consultants	
6.5 Does the external auditor meet with the audit committee without the presence of management?	Audit reports are apparently provided to management	
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	
6.7 Has the external auditor expressed any issues with 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?	No	
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.	

Topic	Response	Potential Risk Event
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.	
[For a second or subsequent projects] 6.17 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 reports that have remained unaddressed?	N.A.	
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	Yes	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	N.A.	
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, and annually	
7.4 Does the entity reporting system need to be adapted for project reporting?	Yes, most probably	
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and the purpose of the reports?	No	
7.6 Are financial management reports used by management?	Yes	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	
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?	No, from spreadsheets	
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	
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	Very limited for some EU road projects	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Yes, Excel	
8.2 If computerized, is the software off-the-shelf or customized?	Off the shelf Excel	

Topic	Response	Potential Risk Event
8.3 Is the computerized software standalone or integrated and used by all departments in the headquarters and field units using modules?	Standalone	
8.4 How are the project financial data integrated with the entity's financial data? Is it done through a module in the enterprise financial system with automatic data transfer, or does it entail manual entry?	N.A.	
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?	Excel-based	
8.6 Can the system automatically produce the necessary project financial reports?	No.	
8.7 Is the staff adequately trained to maintain the computerized system?	Yes	
8.8 Do the management, organization, and processes and systems safeguard the confidentiality, integrity, and availability of the data?	Yes	
8.9 Are there back-up procedures in place?	Yes, USB drives	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake, and calamity protection for backups.	Kept in the office safe, some risk of loss in the event of a calamity	

Poipet Municipality Financial Management Assessment Questionnaire

Topic	Response	Potential Risk Event
1. Executing / Implementing Agency		
1.1 What is the entity's legal status/registration?	Municipal entity, estb 2009	
1.2 How much equity (shareholding) is owned by the Government?	100%	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion) if any.2	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.	Monthly, quarterly, six-monthly, and annual	
1.6 Describe the regulatory or supervisory agency of the entity.	Banteay Meanchey Province	
1.7 What is the governing body for the project? Is the governing body for the project independent?	N.A.	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	See attached diagram in the report	
1.9 Does the entity have a Code of Ethics in place?	Government regulations apply	
1.10 Describe (if any) any historical issues report of ethics violations involving the entity and management. How were they addressed?	N.A.	
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.	N.A., to be determined	
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?	N.A., to be determined	
2.3 Are the disbursement methods appropriate?	N.A., to be determined	
2.4 What have been the major problems in the past involving the receipt, accounting, and/or administration of funds by the entity?	N.A.	
2.5 In which bank will the Imprest Account (if applicable) be established?	N.A., to be determined	
2.6 Is the bank in which the imprest account is established capable of – <input type="checkbox"/> Executing foreign and local currency transactions? <input type="checkbox"/> Issuing and administering letters of credit (LC)? <input type="checkbox"/> Handling a large volume of the transaction? <input type="checkbox"/> Issuing detailed monthly bank statements promptly?	N.A., to be determined	

Topic	Response	Potential Risk Event
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	N.A.	
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	N.A. unlikely	
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.	N.A. structure not yet determined	
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	N.A.	
2.11 How are the counterpart funds accessed?	N.A.	
2.12 How are payments made from the counterpart funds?	N.A.	
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?	N.A.	
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. to be determined, but unlikely	
3. Staffing		
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	The Poipet Municipal Admin & Finance Office has 8 staff: Chief Accountant, Accountant, Revenue/Expenses Clerk, & Cashier (6x)	
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	N.A.	
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.	Chief Accountant, B. Mgmt, Accountant, B. Mgmt. (in the process)	
3.4 Is the project finance and accounting function staffed adequately?	Yes, for the current workload.	
3.5 Are the project finance and accounting staff adequately qualified and experienced?	No, they have limited formal finance and accounting qualifications but receive adequate on-the-job training	
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	No	

Topic	Response	Potential Risk Event
3.7 What is the duration of the contract with the project finance and accounting staff?	Permanent staff	
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	Current staffing levels are adequate	
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.	N.A.	
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?	N.A.	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Low	
3.12 What is the training policy for the finance and accounting staff?	Receive on-the-job training from the Provincial office	
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	On-the-job training	
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project finance 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?	No, they use an Excel-based system that is used in most municipal offices and sub-national offices	
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
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.	They use the standard COA according to Ministry of Economic and Finance (MEF)	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
4.5 Are General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	No, not regularly	
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 accounting and supporting documents retained in a defined system that allows authorized users easy access?	N.A. to be determined	
4.7 Describe any previous audit findings that have not been addressed.	Audit reports were not made available	

Topic	Response	Potential Risk Event
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, Deputy Governor is responsible for payment authorization and payment made by Finance Dept from Provincial Treasury following MEF procedures	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Only financial targets mostly	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes	
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes, on a rudimentary basis.	
4.13 Are approvals for variations from the budget required (i) in advance or (ii) after the fact?	Extra funds are allocated quarterly from the Central govt based on actual expenditure	
4.14 Is there a ceiling up to which variations from the budget may be incurred without obtaining prior approval?	No	
4.15 Who is responsible for preparation, approval, and oversight/monitoring of budgets?	Finance staff and technical staff prepare the budget for approval by the Municipal Board of Governors	
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 Municipal Board of Governors plus technical staff prepare the budget based on the previous year for approval by the Municipal Council and submission to the Provincial DEF and, ultimately the National Assembly for approval.	
4.17 Are the project plans and budgets of project activities realistic, based on valid assumptions, and developed by knowledgeable individuals? Is there evidence of significant mid-year revisions, inadequate fund releases against allocations, or the inability of the EA to absorb/spend released funds? Is there evidence that government counterpart funding is not made available adequately or on a timely basis in prior projects? What is the extent of over-or under-budgeting of major heads over the last 3 years? Is there a consistent trend either way?	Yes Yes N.A. Budget allocation differs from actual expenditure historically	
Payments		

Topic	Response	Potential Risk Event
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 the authenticity of invoices and supporting documents?	Yes	
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	
4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?	Yes	
Policies and Procedures		
4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?	Accrual	
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?	MEF standards and guidelines – National Accounting Standards for Cambodia	
4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?	N.A.	
4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?	MEF has guidelines that are updated regularly, usually yearly	
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, follow MEF guidelines	
4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?	MEF guidelines	
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, according to Government regulations	
4.28 Are manuals distributed to appropriate personnel?	MEF guidelines are available	
4.29 Describe how compliance with policies and procedures are verified and monitored.	N.A.	
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.	Chief Accountant, and Municipal Governor	
4.31 Does the organization maintain adequate and up-to-date cashbook recording receipts and payments?	Yes, in Excel	

Topic	Response	Potential Risk Event
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?	Yes	
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?	Bank accounts help at the Provincial Office	
4.34 Are all reconciling items approved and recorded?	Yes	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	
4.36 Are there any persistent/non-moving reconciling items?	No	
4.37 Are there appropriate controls in the safekeeping of unused cheques, USB keys, and passwords, official receipts, and invoices?	Yes, keep in the office safe	
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No	
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?	Standard government practice	
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 have a register of Municipal Assets	
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	N.A.	
4.43 Are there periodic physical inventories of fixed assets, inventories, and stocks? Are fixed assets, inventories, and stocks appropriately labeled?	Yes	
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	
4.45 Describe the policies and procedures in the disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost or repair broken assets?	Some assets that have been written off the need to be disposed of but are still kept.	
4.46 Are assets sufficiently covered by insurance policies?	Government policy	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	Some fully depreciated and written off assets need to be disposed of	
Other Offices and Implementing Entities		
4.48 Describe any other regional offices or executing entities participating in implementation.	None, only the Municipal Office	

Topic	Response	Potential Risk Event
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 the 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 using 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 the gross value of the contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with the physical outputs/deliverables of the contract?	Some small size contracts are let by the Procurement Office and included in the annual expenditure	
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	Supervision is provided by technical staff	
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?	Government standards apply	
5. Internal Audit		
5.1 Is there an internal audit (IA) department in the entity?	An internal audit section has recently been established but is not functional	
5.2 What are the qualifications and experience of the IA staff?	N.A.	
5.3 To whom does the head of the internal audit report?	N.A.	
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?	N.A.	
5.6 What is the scope of the internal audit program? How was it developed?	N.A.	
5.7 Is the IA department independent?	N.A.	
5.8 Do they perform pre-audit of transactions?	N.A.	
5.9 Who approves the internal audit program?	N.A.	
5.10 What standards guide the internal audit program?	N.A.	

Topic	Response	Potential Risk Event
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?	N.A.	
5.14 How frequently does the internal auditor meet with the audit committee without the presence of management?	N.A.	
5.15 Has the internal auditor identified/reported any issue with reference to availability and completeness of records?	N.A.	
5.16 Does the internal auditor has sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N.A.	
6. External Audit – entity level		
6.1 Is the entity's financial statement regularly audited by an independent auditor? Who is the auditor?	Yes, MEF and Ministry of Interior and also the Audit Authority and Ministry of Inspection	
6.2 Are there any delays in the audit of the entity? When are the audit reports issued?	Yearly	
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?	According to Cambodian standards	
6.4 Were there any major accountability issues noted in the audit report for the past three years?	Audit reports were not made available to the consultants	
6.5 Does the external auditor meet with the audit committee without the presence of management?	Audit reports are apparently provided to management, and the Municipal Governor meets with MEF	
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	
6.7 Has the external auditor expressed any issues with 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?	No	
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.	

Topic	Response	Potential Risk Event
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 upon 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.	
<p>[For a second or subsequent projects]</p> 6.17 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 reports that have remained unaddressed?	N.A.	
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	Yes	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	N.A.	
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, and annually	
7.4 Does the entity reporting system need to be adapted for project reporting?	Yes, most probably	
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and the purpose of the reports?	No	
7.6 Are financial management reports used by management?	Yes	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	
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?	No, from spreadsheets	
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	

Topic	Response	Potential Risk Event
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	Very limited	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Yes, Excel	
8.2 If computerized, is the software off-the-shelf or customized?	Off the shelf Excel	
8.3 Is the computerized software standalone or integrated and used by all departments in the headquarters and field units using modules?	Standalone	
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?	N.A.	
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?	Excel-based	
8.6 Can the system automatically produce the necessary project financial reports?	No.	
8.7 Is the staff adequately trained to maintain the computerized system?	Yes	
8.8 Do the management, organization, and processes and systems safeguard the confidentiality, integrity, and availability of the data?	Yes	
8.9 Are there back-up procedures in place?	Yes, USB drives	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake, and calamity protection for backups.	Kept in the office safe, some risk of loss in the event of a calamity	

Poipet Municipality Financial Management Assessment Questionnaire

Topic	Response	Potential Risk Event
1. Executing / Implementing Agency		
1.1 What is the entity's legal status/registration?	Municipal entity, estb 2009	
1.2 How much equity (shareholding) is owned by the Government?	100%	
1.3 Obtain the list of beneficial owners of major blocks of shares (non-governmental portion) if any. ²	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.	Monthly, quarterly, six-monthly, and annual	
1.6 Describe the regulatory or supervisory agency of the entity.	Banteay Meanchey Province	
1.7 What is the governing body for the project? Is the governing body for the project independent?	N.A.	
1.8 Obtain current organizational structure and describe key management personnel. Is the organizational structure and governance appropriate for the needs of the project?	See attached diagram in the report	
1.9 Does the entity have a Code of Ethics in place?	Government regulations apply	
1.10 Describe (if any) any historical issues report of ethics violations involving the entity and management. How were they addressed?	N.A.	
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.	N.A., to be determined	
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?	N.A., to be determined	
2.3 Are the disbursement methods appropriate?	N.A., to be determined	
2.4 What have been the major problems in the past involving the receipt, accounting, and/or administration of funds by the entity?	N.A.	
2.5 In which bank will the Imprest Account (if applicable) be established?	N.A., to be determined	

Topic	Response	Potential Risk Event
2.6 Is the bank in which the imprest account is established capable of – <input type="checkbox"/> Executing foreign and local currency transactions? <input type="checkbox"/> Issuing and administering letters of credit (LC)? <input type="checkbox"/> Handling a large volume of the transaction? <input type="checkbox"/> Issuing detailed monthly bank statements promptly?	N.A., to be determined	
2.7 Is the ceiling for disbursements from the imprest account and SOE appropriate/required?	N.A.	
2.8 Does the (proposed) project implementing unit (PIU) have experience in the management of disbursements from ADB?	N.A. unlikely	
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.	N.A. structure not yet determined	
2.10 Is the entity exposed to foreign exchange risk? If yes, describe the entity's policy and arrangements for managing foreign exchange risk.	N.A.	
2.11 How are the counterpart funds accessed?	N.A.	
2.12 How are payments made from the counterpart funds?	N.A.	
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?	N.A.	
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. to be determined, but unlikely	
3. Staffing		
3.1 What is the current and/or proposed organizational structure of the accounting department? Attach an organization chart.	The Poipet Municipal Admin & Finance Office has 8 staff: Chief Accountant, Accountant, Revenue/Expenses Clerk, & Cashier (6x)	
3.2 Will existing staff be assigned to the project, or will new staff be recruited?	N.A.	
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.	Chief Accountant, B. Mgmt, Accountant, B. Mgmt. (in the process)	

Topic	Response	Potential Risk Event
3.4 Is the project finance and accounting function staffed adequately?	Yes, for the current workload.	
3.5 Are the project finance and accounting staff adequately qualified and experienced?	No, they have limited formal finance and accounting qualifications but receive adequate on-the-job training	
3.6 Are the project finance and accounting staff trained in ADB procedures, including the disbursement guidelines (i.e., LDH)?	No	
3.7 What is the duration of the contract with the project finance and accounting staff?	Permanent staff	
3.8 Identify any key positions of project finance and accounting staff not contracted or filled yet, and the estimated date of appointment.	Current staffing levels are adequate	
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.	N.A.	
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?	N.A.	
3.11 What is the turnover rate for finance and accounting personnel (including terminations, resignations, transfers, etc.)?	Low	
3.12 What is the training policy for the finance and accounting staff?	Receive on-the-job training from the Provincial office	
3.13 Describe the list of training programs attended by finance and accounting staff in the last 3 years.	On-the-job training	
4. Accounting Policies and Procedures		
4.1 Does the entity have an accounting system that allows for the proper recording of project finance 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?	No, they use an Excel-based system that is used in most municipal offices and sub-national offices	
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes	
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.	They use the standard COA according to Ministry of Economic and Finance (MEF)	
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?	Yes	
4.5 Are General Ledger and subsidiary ledgers reconciled monthly? Are actions taken to resolve reconciliation differences?	No, not regularly	

Topic	Response	Potential Risk Event
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 accounting and supporting documents retained in a defined system that allows authorized users easy access?	N.A. to be determined	
4.7 Describe any previous audit findings that have not been addressed.	Audit reports were not made available	
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, Deputy Governor is responsible for payment authorization and payment made by Finance Dept from Provincial Treasury following MEF procedures	
4.9 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes	
Budgeting System		
4.10 Do budgets include physical and financial targets?	Only financial targets mostly	
4.11 Are budgets prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance?	Yes	
4.12 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations against the budget?	Yes, on a rudimentary basis.	
4.13 Are approvals for variations from the budget required (i) in advance or (ii) after the fact?	Extra funds are allocated quarterly from the Central govt based on actual expenditure	
4.14 Is there a ceiling up to which variations from the budget may be incurred without obtaining prior approval?	No	
4.15 Who is responsible for preparation, approval, and oversight/monitoring of budgets?	Finance staff and technical staff prepare the budget for approval by the Municipal Board of Governors	
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 Municipal Board of Governors plus technical staff prepare the budget based on the previous year for approval by the Municipal Council and submission to the Provincial DEF and, ultimately the National Assembly for approval.	

Topic	Response	Potential Risk Event
<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 the 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</p> <p>N.A.</p> <p>Budget allocation differs from actual expenditure historically</p>	
Payments		
<p>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 the authenticity of invoices and supporting documents?</p>	Yes	
<p>4.19 Are all invoices stamped PAID, dated, reviewed and approved, recorded/entered into the system correctly, and clearly marked for account code assignment?</p>	Yes	
<p>4.20 Do controls exist for the preparation of the payroll? Are changes (additions/deductions/modifications) to the payroll properly authorized?</p>	Yes	
Policies and Procedures		
<p>4.21 What is the basis of accounting (e.g., cash, accrual) followed (i) by the entity? (ii) By the project?</p>	Accrual	
<p>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?</p>	MEF standards and guidelines – National Accounting Standards for Cambodia	
<p>4.23 Does the project have adequate policies and procedures manual(s) to guide activities and ensure staff accountability?</p>	N.A.	
<p>4.24 Is the accounting policy and procedure manual updated regularly and for the project activities?</p>	MEF has guidelines that are updated regularly, usually yearly	
<p>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?</p>	Yes, follow MEF guidelines	
<p>4.26 Are there written policies and procedures covering all routine financial management and related administrative activities?</p>	MEF guidelines	

Topic	Response	Potential Risk Event
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, according to Government regulations	
4.28 Are manuals distributed to appropriate personnel?	MEF guidelines are available	
4.29 Describe how compliance with policies and procedures are verified and monitored.	N.A.	
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.	Chief Accountant, and Municipal Governor	
4.31 Does the organization maintain adequate and up-to-date cashbook recording receipts and payments?	Yes, in Excel	
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?	Yes	
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?	Bank accounts help at the Provincial Office	
4.34 Are all reconciling items approved and recorded?	Yes	
4.35 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	Yes	
4.36 Are there any persistent/non-moving reconciling items?	No	
4.37 Are there appropriate controls in the safekeeping of unused cheques, USB keys, and passwords, official receipts, and invoices?	Yes, keep in the office safe	
4.38 Are any large cash balances maintained at the head office or field offices? If so, for what purpose?	No	
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?	Standard government practice	
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 have a register of Municipal Assets	
4.42 Are subsidiary records of fixed assets, inventories and stocks kept up to date and reconciled with control accounts?	N.A.	
4.43 Are there periodic physical inventories of fixed assets, inventories, and stocks? Are fixed assets, inventories, and stocks appropriately labeled?	Yes	

Topic	Response	Potential Risk Event
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	
4.45 Describe the policies and procedures in the disposal of assets. Is the disposal of each asset appropriately approved and recorded? Are steps immediately taken to locate lost or repair broken assets?	Some assets that have been written off the need to be disposed of but are still kept.	
4.46 Are assets sufficiently covered by insurance policies?	Government policy	
4.47 Describe the policies and procedures in identifying and maintaining fully depreciated assets from active assets.	Some fully depreciated and written off assets need to be disposed of	
Other Offices and Implementing Entities		
4.48 Describe any other regional offices or executing entities participating in implementation.	None, only the Municipal Office	
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 the 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 using 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 the gross value of the contract, and any amendments, variations and escalations, payments made, and undisbursed balances? Are the records consistent with the physical outputs/deliverables of the contract?	Some small size contracts are let by the Procurement Office and included in the annual expenditure	
4.55 If contract records are maintained, does the agency reconcile them regularly with the contractor?	Supervision is provided by technical staff	
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?	Government standards apply	

Topic		Response	Potential Risk Event
5. Internal Audit			
5.1	Is there an internal audit (IA) department in the entity?	An internal audit section has recently been established but is not functional	
5.2	What are the qualifications and experience of the IA staff?	N.A.	
5.3	To whom does the head of the internal audit report?	N.A.	
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?	N.A.	
5.6	What is the scope of the internal audit program? How was it developed?	N.A.	
5.7	Is the IA department independent?	N.A.	
5.8	Do they perform pre-audit of transactions?	N.A.	
5.9	Who approves the internal audit program?	N.A.	
5.10	What standards guide the internal audit program?	N.A.	
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?	N.A.	
5.14	How frequently does the internal auditor meet with the audit committee without the presence of management?	N.A.	
5.15	Has the internal auditor identified/reported any issue with reference to availability and completeness of records?	N.A.	
5.16	Does the internal auditor has sufficient knowledge and understanding of ADB's guidelines and procedures, including the disbursement guidelines and procedures (i.e., LDH)?	N.A.	
6. External Audit – entity level			
6.1	Is the entity's financial statement regularly audited by an independent auditor? Who is the auditor?	Yes, MEF and Ministry of Interior and also the Audit Authority and Ministry of Inspection	
6.2	Are there any delays in the audit of the entity? When are the audit reports issued?	Yearly	
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?	According to Cambodian standards	
6.4	Were there any major accountability issues noted in the audit report for the past three years?	Audit reports were not made available to the consultants	
6.5	Does the external auditor meet with the audit committee without the presence of management?	Audit reports are apparently provided to management, and the Municipal Governor meets with MEF	
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	

Topic	Response	Potential Risk Event
6.7 Has the external auditor expressed any issues with 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?	No	
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 upon 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.	
[For a second or subsequent projects] 6.17 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 reports that have remained unaddressed?	N.A.	
7. Reporting and Monitoring		
7.1 Are financial statements and reports prepared for the entity?	Yes	
7.2 Are financial statements and reports prepared for the implementing unit(s)?	N.A.	
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, and annually	
7.4 Does the entity reporting system need to be adapted for project reporting?	Yes, most probably	

Topic	Response	Potential Risk Event
7.5 Has the project established financial management reporting responsibilities that specify the types of reports to be prepared, the report content, and the purpose of the reports?	No	
7.6 Are financial management reports used by management?	Yes	
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes	
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?	No, from spreadsheets	
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	
7.10 Does the entity have experience in implementing projects of any other donors, co-financiers, or development partners?	Very limited	
8. Information Systems		
8.1 Is the financial accounting and reporting system computerized?	Yes, Excel	
8.2 If computerized, is the software off-the-shelf or customized?	Off the shelf Excel	
8.3 Is the computerized software standalone or integrated and used by all departments in the headquarters and field units using modules?	Standalone	
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?	N.A.	
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?	Excel-based	
8.6 Can the system automatically produce the necessary project financial reports?	No.	
8.7 Is the staff adequately trained to maintain the computerized system?	Yes	
8.8 Do the management, organization, and processes and systems safeguard the confidentiality, integrity, and availability of the data?	Yes	
8.9 Are there back-up procedures in place?	Yes, USB drives	
8.10 Describe the backup procedures – online storage, offsite storage, offshore storage, fire, earthquake, and calamity protection for backups.	Kept in the office safe, some risk of loss in the event of a calamity	

Appendix 2: MPWT Organization Structure

Figure 2: MPWT Organization Chart

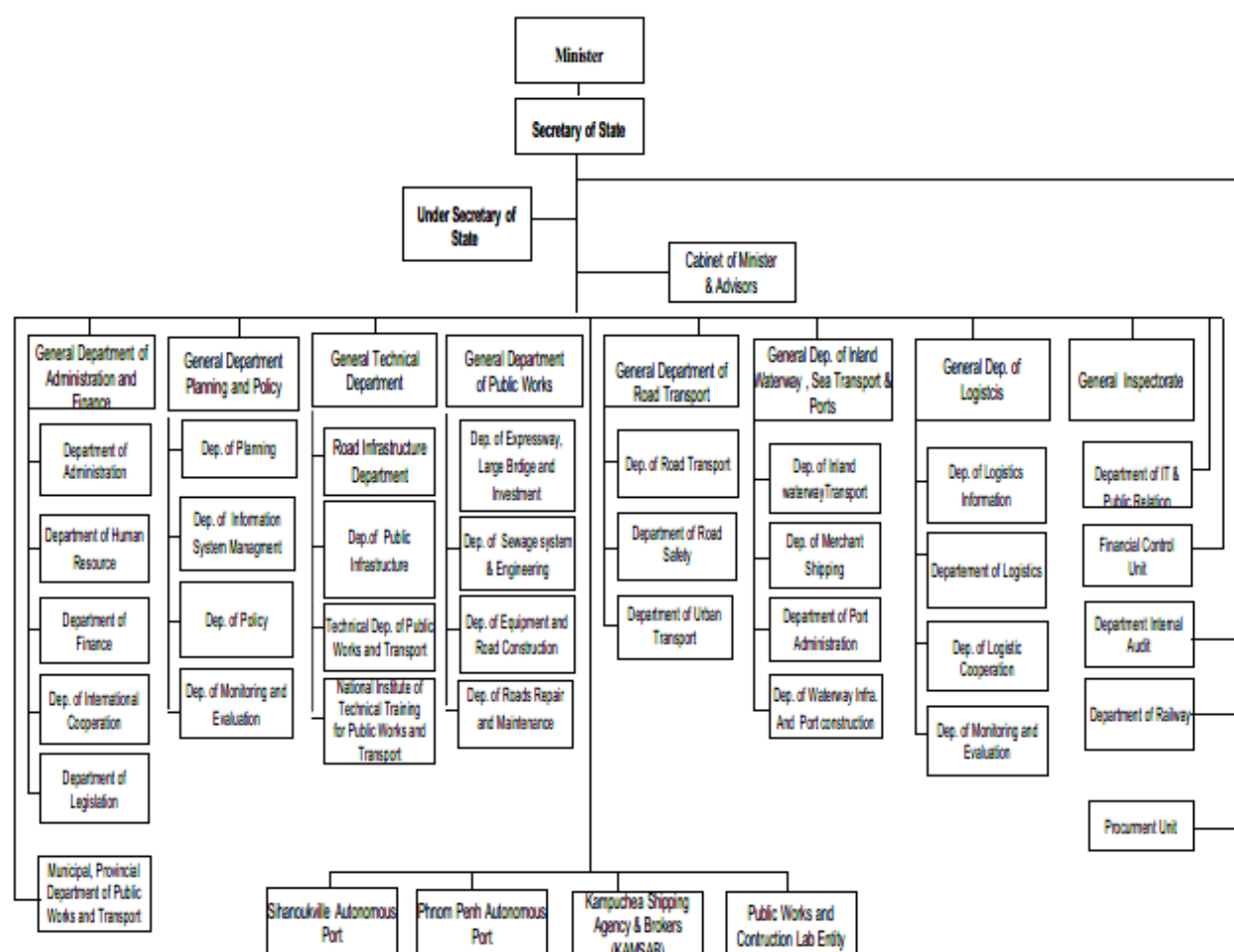


Figure 3: Organization Chart for GD of Sewerage and Wastewater Management

Annex 1 to Sub-decree No. 220 ANKR.BK, Dated December 17, 2019

Organizational Chart of the General Directorate of Sewerage and Wastewater Management

