

Welcome Speech

Of

Dr. Chea Vuthna, Director General of General Department of Internal Audit
Ministry of Economy & Finance

On

“Risk Based Audit, General IT Control, Performance Audit & Audit Report”,
16-19 December 2019, Sofitel Phnom Penh Phokeethra,
Phnom Penh, Cambodia.

- **Ms. Kristine Leah Mercado, Ms. Katrina Fano, and Mr. Arnold Agnila**, Senior Auditor,
Office of the Auditor General, Manila
- **Mr. Ouch Chamroeun**, Senior Programs Officer, representative ADB Cambodia Resident
Mission.
- Mr. Sok Koe Reaksmey, Audit Advisor
- Excellencies, Ladies and Gentlemen, Dear Internal Auditors!

1. In December last year, we have been trained on “Risk-Based Audit, IT General Control, Performance Audit, and Audit Report” organized by the Office of the General Auditor (OAG), of the Asian Development Bank (ADB). And today, once again we meet up for further training on these important topics for our auditor from six other line ministries such as Ministry of Industry and Handicraft, Ministry of Women Affair, Ministry of Environment, Ministry of Planning, Ministry of Justice, and Ministry of Tourism. In this pleasant occasion, allow me on behalf of the Internal Auditors, who has privilege and is present here, to welcome and thank the OAG of the ADB, which is continuing to extend the support in capacity building to our internal auditors of the Royal Government of Cambodia.

2. Please allow me to recall the contribution of ADB from the past till now which is

totally around 3.36 billions USD financing of which grant accounted for 498 millions USD. As per internal audit function of the Royal Government Of Cambodia, RGC which is one of the beneficiary of this financing, ADB has been considered as main founder and has provided TA since 2005 to establish and strengthen both staff capacity and institution so far. From this TA and if talking only about legal internal audit base and technical framework formulation, and not including study visit both local and oversea, goods, and training like today one, there observed 3 TA main phases. In late 2004 and 2005, ADB has supported on preparing the Sub-decree N 40, IA Standards, IA Code of Ethics, and Internal Control Policy. During 2009 and 2011, ADB has concentrated in IA procedure and process which was served as core materials for developing the IA Manual that was circulated to all ministries, institutions, and public enterprises. Currently, ADB is focussing on performance and ICT audit. By now the preparation of performance and IT audit guideline is at final stage.

Excellencies, Ladies and Gentlemen, Dear internal auditors!

3. Generally, the Organisation can achieve the objective effectively, efficiently and sustainably unless all functions, main and supportive, goals are together completely met. Management always build the internal control for every process to ensure that those processes are working, solving, and producing products and services timely and properly as expected. However in the context of buoyancy of factors, external and internal, caused by people, technology, and politics etc.. those objectives can be in circumstance of uncertainty. Therefore, Management have to keep track and update those internal controls as necessary. In fact, organisation can not maintain internal control system effectively all the times, so the organisation can be at risk occasionally. That is why, there is a need of third defence line/ internal auditor to recommend on weakness of internal control, on risk management, on compliance to rule and regulation, and in improving operation efficiency and effectiveness to let the organisation meet their objectives.

4. The wide scope, complexity, multi and interacted functions of the auditee processes and the public sector human resources, skill, budget and time constraints while commitment toward quality and efficiency work, internal auditors have to focus their job on a

risk-based approach. So, the questions are how to identify the risk? When? Where? What procedures we apply? How to prevent the risks? How to manage the risks? For the same token, when government becomes more digitalised and more electronized, then does the internal audit function will be changed and how? Do the risk nature and characteristics remain unchanged? Are internal controls going to be easier to set up and improved? And what then in the 4th industrial revolution, where digital economy, e-Government, AI, Robotic, New Platform, Big Data, and Block Chain...etc., found their full fledged?.

5. Organisation can achieve a common goal, but it is not clear and always whether the means used are most appropriated and acommodated production in quantity with cost, and quality as one produced by the organisation of best practice. This is another rational that most public entities have yet to accounted for. It is therefore the fourth stage of the Public Financial Management Reform “Performance Accountability” of the Royal Government of Cambodia which is the final goal to be achieved by 2025. At that time, the budget will be an informed performance budget which is focused on output-base and decentralisation. This requires additional monitoring mechanisms to confirm and verify that the proper expenditure and revenue management plus management of other supportives activities, used appropriate means that caused possibility for economy, ensure efficiency and triggered impact as expected without bringing harm or obstruction to other activities. This is a new type of audit, performance audit , that our internal auditors are not aware of and have not implemented so far.

Dear Distinguished Resources Persons and Auditors!

6. Proper audit area setting, risk detection, internal controls weekness spoting, root cause demining, analysis and sythesising for recommendations, and indicating point of non-economy, in-efficiency and in-effectiveness on any process are difficult, but communicating audit results with the auditee is more problematic especially in writing. The auditor must tactically consider how to construct sentences, and use of technical terms to make report easier and attractive and to allow the reader could accept or unknowingly accepted by preserving the core content while not impairing the recomendation objectives.

Although we have undergone training on these topics and have written several audit reports, we still need to explore more in depth and look forward to the new guidance and best practices in preparing, distributing, and monitoring audit reports. As cambodian people say "Reviewing lesson- Father of study" and “ Study, Study and Study”.

7. Nonetheless, the above four issues that have been elaborated and even put in question have no conclusion and solutions yet. But we hope to find them in this four-day training course together. Therefore, I would encourage you, dear auditors to diligently study, discuss and raise questions in relation to the above topics and believe that our training will be a fruitful one.

8. Once again, on behalf of auditors, the trainees here, I would like to express my deepest thanks and appreciation to the Royal Government of Cambodia, especially **H.E Dr. Aun Pornmoniroth, Deputy Prime Minister, Minister of Economy and Finance** and **Asian Development Bank**, who has been steadfast in supporting internal audit functions to continuously reach a better stage. We highly appreciate the OAG of the ADB for taking time to share knowledge and know-how through training on these important topics and sincerely hope that the OAG will continue to organize training a like every year here or elsewhere to further enhance the internal audit capacity of The Royal Government of Cambodia. Last but not least, we would like to extend our gratitude to the Cambodia Resident Mission of ADB, especially to **Mr. Ouch Chamroeun**, Senior Program Officer, who has always been very supportive of the internal audit function to the ADB's capacity building project with every success of its implementation.

9. To this end, I would like to wish the training a fruitful outcome, and wish Excellencies, Ladies and Gentlemen, Distinguished National and International Resources Persons the Healthiness, Happiness, Prosperity and Success in all endeavours.

