



Chartered Accountant
Certified Public Accountants and Auditors
Tax Agent License (GDT Member)
Audit Firm License (KICPAA Member)



A global network of independent
accounting firms

www.kreston.com

Management letter

Buddhism for Social Development Action (BSDA)

For the year ended 31 December 2017



ក្រុមហ៊ុន ខេម អ៊ីខានង់ទី & ថាគស៊ីវីស
CAM ACCOUNTING & TAX SERVICE CO.,LTD



A global network of independent accounting firms

Certified Public Accountants and Auditors
Tax Agent License (GDT Member)
Audit Firm License (KICPAA Member)

Mr. Thorn Vandong

Executive Director

Buddhism for Development Action (BSDA)

Kampong Cham Province, Cambodia.

18 July 2018

Dear Sir,

We are pleased to submit you with our management letter regarding our audit of the financial statements of Buddhism for Social Development Action (BSDA) for the year ended 31 December 2017.

We could raise up that the issues in this report brought to our attention while we conduct our audit of the Organization. However, we did not review of all your internal control systems and could not disclose all weaknesses for the purpose of improving your internal control that need further procedure to apply.

We present the weakness finding together with our recommendations that we have discussed with Mr. Beam Yim, Finance Manager, during our audit fieldwork. Additionally, we also update the status of the prior year's management letter finding.

This report is intended solely for the information and use of the Organization and is not intended to be and should not be used by anyone other than these specified parties.

We would like to take this opportunity to thank you, your management team and staff for the good co-operation with us during our audit fieldwork. We look forward meeting and working with you again next coming year.

Yours faithfully,



Keat Heng, CPA
Partner

Phnom Penh, Kingdom of Cambodia

Address: V Trust Center, Room 1FB,
Street 109, Khan 7 Makara,
Phnom Penh, Cambodia
Tel: (855) 93 33 51 58
(855) 12 75 32 57

E-mail: info@cam-at.com

www.cam-at.com

Contents

| | Pages |
|--|-------|
| Current year findings | |
| 1- Supplier invoices using BSDA's logo | 1 |
| 2- No fixed asset code tag | 2 |
| 3- Late advance settlement | 2 |
| Follow up last year findings | |

The Current Year Findings

1. Supplier invoices using BSDA's logo

Finding

During the inspection of expenses, we have noticed that the following spending invoices were issued and made by using BSDA's logo, but not using suppliers' name.

| Date | Number | Name | Memo | Amount | Note |
|------------|-------------|--------------------------------------|--|----------|--------------------------|
| 16/05/2017 | SV1705-0051 | Save the Children NORAD: Koh Kong | Mr. Khen Sokheng Payment for Promotion, support and capacity building of teachers, parents and o... | 948.15 | Internal receipt voucher |
| 30/05/2017 | SV1705-0138 | Rustic Pathways | Mr. Sok Vannara Payment for digging the land at Smile Institute for children's sport (Part I) in... | 742.05 | Internal receipt voucher |
| 31/05/2017 | SV1705-0147 | EcoSolidar | Miss. Sean Pheak payment for buying bamboo cutting bamboo and transportation bamboo for building... | 638.28 | Internal receipt voucher |
| 18/09/2017 | SV1709-0118 | Save the Children NORAD: KPC | Mrs. Noeurnn Sengny Payment for provide material for documentation of school and community stati... | 970.00 | Internal receipt voucher |
| 27/09/2017 | SV1709-0180 | EcoSolidar | Miss. Sean Pheak Payment for allowance for workers contruction building roof of kitchen for 50% a... | 900.00 | Internal receipt voucher |
| 29/09/2017 | SV1709-0194 | KAPE | Miss. Sean Pheak Payment for buying bamboo for building kindergartens at Hanchey in September, 2017 | 5,817.53 | Internal receipt voucher |
| 31/05/2017 | SV1705-0142 | La Maison Des Enfants | Miss. Chhun Soknai payment for purchasing and installation the three air-conditioners for new of... | 1,356.00 | Internal receipt voucher |
| 26/06/2017 | PV1706-0126 | EcoSolidar | Miss. Sean Pheak Payment for buying bamboo cutting bamboo and transportation bamboo for buildin... | 635.62 | BSDA's invoice |
| 26/06/2017 | PV1706-0126 | EcoSolidar | Miss. Sean Pheak Payment for buying bamboo cutting bamboo and transportation bamboo for buildin... | 635.62 | BSDA's invoice |
| 26/06/2017 | PV1706-0126 | EcoSolidar | Miss. Sean Pheak Payment for buying bamboo cutting bamboo and transportation bamboo for buildin... | 635.62 | BSDA's invoice |
| 14/07/2017 | SV1707-0068 | EcoSolidar | Mr. Seang Kosal Payment for Smile Institute beauty salon students for apprenticeship for June i... | 2,623.00 | BSDA's invoice |
| 18/07/2017 | SV1707-0078 | EcoSolidar | Miss. Sean Pheak Payment for buying bamboo cutting bamboo and transportation bamboo for building... | 1,134.62 | BSDA's invoice |
| 18/07/2017 | SV1707-0078 | EcoSolidar | Miss. Sean Pheak Payment for buying bamboo cutting bamboo and transportation bamboo for building... | 1,134.62 | BSDA's invoice |
| 18/07/2017 | SV1707-0078 | EcoSolidar | Miss. Sean Pheak Payment for buying bamboo cutting bamboo and transportion bamboo for building K... | 1,134.62 | BSDA's invoice |
| 03/08/2017 | SV1708-0025 | EcoSolidar | Miss. Sean Pheak Payment for workers contruction building wall of six Bungalow to ten Bungalow a... | 1,500.00 | BSDA's invoice |

Implication

Using BSDA's logo as supplier invoices, it leads the real transactions still in doubt and cannot accept as supporting documents.

Recommendation

We recommend that management should look for real supplier invoices as supporting document. The receipt voucher should be used for accepting money with phone number of suppliers when they are legal person not legal entity.

Management's Response

We accepted to your finding. Actually BSDA got the recommend during the Audit checked since 2012 BSDA on internal invoice to instead of invoice which no clear address and no name of shop, so that BSDA Senior Management Team have decided in the minute meeting since 5 July 2013 to create internal invoice to use in any cases of payment or receive service from supplier. BSDA utilizes for purchasing service or material of supplier, which don't have their own invoice. So that we need internal invoice and receipt voucher for supporting document instead of supplier.

Staff Responsibilities

BSDA staff will commit and improve to use the supporting document such as internal invoice or receipt voucher, which comply with audit finding. So Operation Unit will update internal invoice and receipt then orient to all BSDA staff. Moreover, Project staff will make sure before use supporting document such invoice or receipt expenditure.

2. No fixed asset code tag

Finding

Using the fixed asset tag is a control of asset identifications. However, we discovered that some fixed asset items did not have tag of codes numbers.

Complication

Without having fixed assets tag, the assets will lose their identification and location.

Recommendation

We recommend that the management team should consistently update all fixed asset tags.

Management's Response

We agreed with your finding, but actually we were stick the code tag in some fixed asset. Unfortunately the one asset (Tuk Tuk) you found is broken code tag due to Tuk Tuk used every day, such the driver clean Tuk Tuk the code tag also lose one time to time from the Tuk Tuk.

Staff Responsibilities

HR/Admin will update code tag and re-stick with are unclear or broken code tag.

3. Late advance settlement

Finding

According to the BSDA's policies stated that cash advance should be settled one week after ended the project for inner province and one month for outer province.

We pointed that transaction below did not follow the policy:

| Date | Num | Name | Memo | Amount | Note |
|------------|-------------|------------|---|----------|----------------------------|
| 27/10/2017 | SV1710-0124 | EcoSolidar | Miss. Sean Pheak Payment for buying material for building swimming pool at Hanchey Resort in Sep... | 1,558.00 | 1 month advance settlement |
| 27/10/2017 | SV1710-0124 | EcoSolidar | Miss. Sean Pheak Payment for buying material for building first Bungalow to ten Bungalow at Hanch... | 1,027.70 | 1 month advance settlement |
| 27/10/2017 | SV1710-0124 | EcoSolidar | Miss. Sean Pheak Payment for buying material for building staffs house to ten Bungalow at Hanchey... | 705.60 | 1 month advance settlement |
| 27/10/2017 | SV1710-0124 | EcoSolidar | Miss. Sean Pheak Payment for buying material for prepare connect water system at Hanchey Resort in.. | 1,846.70 | 1 month advance settlement |
| 27/10/2017 | SV1710-0124 | EcoSolidar | Miss. Sean Pheak Payment for buying material for building Kitchen at Hanchey Resort in September... | 783.45 | 1 month advance settlement |
| 27/10/2017 | SV1710-0124 | EcoSolidar | Miss. Sean Pheak Payment for buying material for building Dormitory at Hanchey Resort in September... | 1,800.00 | 1 month advance settlement |

Implication

Lateness of the advance settlement leads to non-compliance with finance policy.

Recommendation

We recommend that staffs should be well manage on date of cash advance and follow the existing policy. If the advance settlement is late, clear reason should be stated with the approval and acknowledgement from the management.

Management's Response

BSDA has staff advance policy and proper control system on advance. However, the staff has challenges during the project implementation as present above. Anyways staff was waiting completed supporting document from supplier such as, staff has ordered material contraction from the shop after advance then some materials delivered at construction side and others some did not deliver yet due to the shop need other from Phnom Penh and they gab for deliver our material though out taxi form Kampong Cham to Hanchey Eco-Resort so that the advance settlement were late to submit to clear with finance. On the other hand staff without inform to finance for late of advance settlement.

Staff Responsibilities

Operation team and project team are going to double check and alert on advance settlement and payment voucher in both inner and outer province. Moreover, we improve approval and acknowledgement from the management team with clear reason throughout Email or others letter form.