

DECIDES
CHAPTER 1
General regulations

Article 1.

This Prakas determines the rules, criteria and required conditions of having financial statements independently audited for obligated person as well as determines any related obligation for the purpose of strengthen compliancy and management of having financial statements independently audited with effectiveness, accountability, transparency, and efficiency.

Article 2.

This Prakas has the scope to implement on enterprise, public enterprise, public limited enterprise, investment project, and non-profit organizations in the Kingdom of Cambodia.

Article 3.

Technical terms used in this Prakas are having definitions as follows:-

- **Obligated person** refers to enterprise, public enterprise, public limited enterprise, investment project and non-profit organization.
- **Enterprise** refers to entity or institution with profit-oriented approach such as public enterprise and private enterprise including bank, microfinance and small and medium enterprise as well as micro enterprises.
- **Public enterprise** refers to entity under the Law on General Articles of effective public enterprise.
- **Public limited enterprise** refers to:-
 1. Enterprise having debt instruments or other capital instruments of that enterprise are traded publicly on market or the enterprise is under process of release these instruments for public trading on market (local or foreign stock market or local or regional OTC (Over-the-Counter) market; or
 2. Asset management enterprise which has a guarantee for others as a part of main business of the enterprise such as: - bank, saving deposit microfinance institutions, broker, dealer and mutual fund.
- **Investment project** refers to:- Qualified Investment Projects which was granted the Final Registration Certificate from the Council for the Development of Cambodia.
- **Turnover** refers to turnover incurred from business operating activities in clear accounting period.
- **Total assets** refers to short-term and long-term resources shown in the Statement of Financial Positions.
- **Independent audit** refers to the audit on financial reports by statutory auditors licensed by National Accounting Council (“NAC”).

- **Employee** refers to all types and nationalities individual who work for income under the supervision and management of other individual as a physical person or public or private legal person. In order to clearly confirm the characteristic of employee, we do not taking into account of the characteristic of employer or legal characteristics of employee regardless of less or more wage.

CHAPTER 2

Conditions of implementation independent audit obligation

Article 4.

All public enterprise, public limited enterprise and investment project must submit its financial statements of each accounting period for independent audit.

Article 5.

Enterprise beside public enterprise, public limited enterprise and investment project as stated in article 4 shall submit its financial statements for each accounting period for independent audit if that enterprise meet 2 among the 3 criteria as follows:-

- 1st criteria: having annual turnover for the accounting period from 4,000,000,000 (four billion) Riels up.
- 2nd criteria: Having total assets from 3,000,000,000 (three billion) Riels up on the date of ending accounting period.
- 3rd criteria: Having the total employee from 100 (one hundred) based on the total proportion of employee during the year.

Enterprise which does not meet at least 2 (two) among the above 3 (three) criteria can voluntarily submit financial statement for independent audit

Article 6.

Non-profit organization shall submit its financial statements for each accounting period for independent audit if it meets 2 criteria as follows:-

- Total annual expense exceeds 2,000,000,000 (two billion) Riels; and
- Having total of employee from 20 (twenty) people up based on the total proportion of employee during the year.

Enterprise which does not meet the above two criteria can voluntarily submit its annual financial statement for independent audit.

CHAPTER 3
Obligation of obligated person

Article 7.

Enterprise having obligation as stated in article 5 which used to be audited shall continue to submit its financial statements of each accounting period for independent audit at least more 3 (three) consecutive years even if that enterprise does not meet the criteria.

Article 8.

If obligated person does not have commercial activities or operating activities within executive 12 (twelve) months starting from the ending accounting period, that obligated person can submit request to the NAC to exempt from submission of financial statements for independent audit.

Article 9.

The independent audit and issuance of independent audit opinion on annual financial statements shall be finished no later than 6 (six) month after accounting closing date. In case of cannot meet this deadline, the obligated person can apply for delay to the NAC with proper reason.

Article 10.

Obligated person can send audited financial statements and audit report to the secretarial office of the NAC no later than 6 (six) month 15 (fifteen) days from the account closing date.

Article 11.

The independent audit on financial statement for the accounting period of 2020 shall be determined as 1st year independent audit. Auditors must not provide service to any enterprise or non-profit organization more than five consecutive years.

Article 12.

Obligated person shall pay financial statements maintenance fee determined by Prakas of the Minister of the Ministry of Economy and Finance.

Article 13.

Rules and procedures for sending and maintaining annual financial statements of obligated person shall be determined by instruction of the secretarial office of the NAC.

CHAPTER 4
Right and obligation of officers

Article 14.

Secretarial office of the NAC has obligation to keep those report and has the right to use those financial statements in order to implement the tracking, review and evaluate the compliance of the report to the law, legal standard and other effectively related standards.

Article 15.

Head and officers of the secretarial office of the NAC shall keep financial and non-financial information of obligated person under confidentiality.

Head and officers who leak financial and non-financial information of obligated person shall be legally responsible effectively.

Article 16.

The NAC has the right to provide financial statement to authorized institutions in case of request according to effective laws and regulations.

CHAPTER 5
Penalty

Article 17.

Without consider other penalty as mentioned in the Law on Accounting and Audit and legal documents in accounting and audit sector in effective in the Kingdom of Cambodia, obligated person who acts oppose to this Prakas shall be penalized by the NAC as stated in Sub Decree No. 79 ANKr.BK dated 1 June 2020 on the fine on violation of the Law on Accounting and Audit.

CHAPTER 6
Conclusion

Article 18.

Prakas no. 643 MEF.PrK dated 20 July 2007 on the obligation of having financial statements audited and other regulations contrast to this Prakas shall be abrogated.

Article 19.

Director of the NAC, Director of Cabinet, General Secretary, Royal Government Delegate in charge as Director General, Director General, General Secretary of the NAC, Directors of all entities under the Ministry of Economy and Finance and all related institutions shall implement the theme of this Prakas effectively from the signing date.

Phnom Penh, 10 July 2020

Deputy Prime Minister

Minister of the Ministry of Economy and Finance

Signed and Sealed

Aum Pornmoniroth

CC:

- Council of Ministers
- Cabinet of Samdech Akak Moha Sena Padei Techo Prime Minister
- Cabinet of His/her Excellency deputy prime minister
- City-Province hall
- As article 19 "for implementation"
- Royal gazette
- Documents – archived