Financial statements and independent auditor's report,

Report on compliance and

Report on capacity in managing finance related grant agreement with Oxfam Great Britain in Cambodia

Khmer Association for Development of Country-side Cambodia

For the period from 1 April 2014 to 31 March 2015

Contents

Part 1: Financial statements and independent auditor's report

Report of Management 1

Independent auditor's report 3

Statement of fund balance 5

Statement of income and expenditure for the period from 1 April 2014 to 31 March 2015 6

Notes to the financial statements 7

Part 2: Report on compliance

Inconsistent reference between cash book and payment voucher 9

Non compliance with tax law and regulation 9

Part 3: Report on capacity in managing finance related grant agreement with Oxfam Great Britain in Cambodia 10

Part 1

Financial statements and independent auditor's report

For the period from 1 April 2014 and 31 March 2015

Report of Management

Management submits its report together with the audited financial statements of Khmer Association for Development of Country-side Cambodia from 1 April 2014 to 31 March 2015.

The Organisation

Khmer Association for Development of Country-side Cambodia ("KAFDOC" or "the Organisation") was established on 23 October 1993 and was registered with Cambodia's Ministry of Interior on 13 December 1994.

The Organisation implements the projects for gender road map II and woman's action and leadership of agriculture and local good governance, funded by Oxfam Great Britain in Cambodia. The objective of the project is to increase the number of men involved in care giving activities and houshold duties, number of people specially men who recognise the value of unpaid housework work, to increase the number of people who are in favor of ending domestic violence against women and to raise the number of women who have access to proper hygiene, sanitation, and livelihood opportunities in the communities.

The project ended by 31 March 2015.

Management

The members of the Management team responsible for the overall direction and management of the Organisation during the period and to the date of this report are:

Name	Position	Date of appointment
Board Leadership		
Prak Sokhany	Chairwoman	6 September 2013
Thim Narin	Vice-deputy	6 September 2013
Shirley Hapatinga	Treasurer	6 September 2013
Board Members		
Theam Heng	Member	6 September 2013
Sun Kim Heoun	Member	6 September 2013
Management team		
Uk Yuth	Executive Director	19 October 2012
Bun Souham	Finance Manager	19 October 2012
Hun Sothea	Program Manager	19 October 2012
You Arun	Program Manager	19 October 2012

Auditors

The financial statements from 1 April 2014 to 31 March 2015 have been audited by Grant Thornton (Cambodia) Ltd.

Responsibility of Management in respect of the financial statements

Management is responsible for the financial statements which shows Organisation's fund balance as at 31 March 2015, and its income and expenditure for the period from 1 April 2014 to 31 March 2015, prepared, in all material respects, in accordance with the basis of accounting described in note 2 to the financial statements.

In preparing the financial statements, Management is required to:

i. select suitable accounting policies and then apply them consistently,
ii. ensure that proper accounting records are kept which enable the financial statements to be prepared in compliance with the basis of accounting set out in note 2 to the financial statements, and
iii. ensure the completeness of information concerning property and goods belonging to the Organisation.

Management is also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management assumes the responsibility to provide, and has provided, the auditor with all accounting records, supporting and other documents, minutes, and any pertinent information and explanations, either orally or by written confirmation, necessary for the audit.

Approval of the financial statements

We hereby approve the accompanying financial statements set out on pages 5 to 8 which shows the fund balance of the Organisation as at 31 March 2015, and its income and expenditure for the period from 1 April 2014 to 31 March 2015, prepared, in all material respects, in accordance with the accounting policies as described in note 2 to the financial statements.

On behalf of Management

Uk Yuth
Executive Director

Bun Souham
Finance Manager

Kratie Province, Kingdom of Cambodia
22 January 2016

Grant Thornton

Independent auditor's report

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To the Management of Khmer Association for Development of Country-side Cambodia

We have audited the accompanying financial statements of Khmer Association for Development of Country-side Cambodia ("the Organisation") funded by the Oxfam Great Britain in Cambodia which comprise the statement of fund balance as at 31 March 2015, the statement of income and expenditure for the period from 1 April 2014 to 31 March 2015, and a summary of significant accounting policies and other explanatory notes prepared in accordance with note 2 to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements in accordance with the basis of accounting as described in note 2 to the financial statements, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organisation's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements of Khmer Association for Development of Country-side Cambodia for the period from 1 April 2014 to 31 March 2015 are prepared, in all material respects, in accordance with the accounting basis and accounting policies as set out in note 2 to the financial statements.

Basis of accounting and other matters

Without modifying our opinion, we draw the readers' attention to note 2 to the financial statements which describes the basis of accounting and accounting policies adopted by the Organisation. The financial statements are prepared for the information and use of the Management of the Organisation. As a result, the financial statements may not be suitable for another purpose.

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ronald C. Almera
Partner – Audit and Assurance

Phnom Penh, Kingdom of Cambodia
22 January 2016

Statement of fund balance

	Note	31 March 2015 USD
Surplus of income over expenditure and fund balance, end of period		1,231
Represented by:		
Amount due to Oxfam Great Britain	6	1,231

The accompanying notes are an integral part of these financial statements.

Statement of income and expenditure for the period from 1 April 2014 to 31 March 2015

	Notes	1 April 2014 to 31 March 2015 USD
Income		
Grant income	3	30,001
Bank interest		33
Total income		30,034
Expenditure		
Administrative costs	4	6,124
Programme activities	5	22,679
Total expenditure		28,803
Surplus of income over expenditure		1,231

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. Background and principal activities

Khmer Association for Development of Country-side Cambodia ("KAFDOC" or "the Organisation") was established on 23 October 1993 and was registered with Cambodia's Ministry of Interior on 13 December 1994.

The Organisation implements the projects for gender road map II and woman's action and leadership of agriculture and local good governance, funded by Oxfam Great Britain in Cambodia .

The project ended on 31 March 2015.

Khmer Association for Development of Country-side Cambodia is located on 7 national road, Sangkate Oreuysey 2, Kratie Municipal, Kratie Province.

2. Summary of significant accounting policies

Basis of preparation of financial statements

The financial statements which are expressed in United States Dollars ("USD") have been prepared in accordance with the accrual basis of accounting, except for receipts which are recognised on a cash basis. This is a basis of accounting that is designed to meet the requirements and accurately reflect the financial position of the Organisation.

3. Grant income

Grant income received from Oxfam Great Britain in Cambodia for the project during the period are as follows:

	1 April 2014 to 31 March 2015
	USD
Woman's action and leadership of agriculture and local good governance	20,000
Gender road map phase II	10,001
	30,001

4. Administrative costs

	1 April 2014 to 31 March 2015
	USD
Woman's action and leadership of agriculture and local good governance	
Personnel involved	3,882
Space and utilities	98
	3,980
Gender road map phase II	
Personnel involved	1,520
Space and utilities	624
	2,144
	6,124

5. Programme activities

	1 April 2014 to 31 March 2015 USD
Woman's action and leadership of agriculture and local good governance	
NGO partner provide capacity building to selected families on GRM tool, domestic violence, human right and child protection awareness	3,030
Provide micro project support to the active Gender Road Map ("GRM") families to implement their family plan	5,633
Women and youth movement uphold the accountability of local authorities, Ministry of Women Affair ("MoWA") and Provincial Department Rural Development ("PDRD") to intervene on domestic violence issue and response to livelihood	6,780
	15,443
Gender Road Map Phase II	
NGO partner provide capacity building to selected families on GRM tool, domestic violence, human right and child protection awareness	2,459
Provide micro project support to the active GRM families to implement their family plan.	1,533
Women and Youth movement uphold the accountability of local authorities, MoWA and PDRD to intervene on domestic violence issue and response to livelihood	3,244
	7,236
	22,679

6. Post-reporting date events

The projects ended as at 31 March 2015 and the remaining fund of USD1,231 was refunded to Oxfam Great Britain in Cambodia on 9 April 2015.

7. Approval of the financial statements

The financial statements were authorised for issuance by the Management of the Organisation on 22 January 2016.

Part 2: Report on compliance

1. Inconsistent reference between cash book and payment voucher

Finding

We noted that the reference written on payment voucher differed with the cash book. For example:

Per Cash book	Per Payment Voucher
WLG-RF-14-10-04	WLG-RF-14-10-05

Implication

The Organisation may find it difficult and time consuming to review from cash book to supporting documents because of these differences.

Recommendation

We recommend Finance Officer carefully checks the consistency between the cash book and payment vouchers.

Management's response

KAFDOC agrees with the finding. This error is coming from data entry made by Finance Manager. KAFDOC team will improve on monitoring system.

2. Non compliance with tax law and regulation

Finding

We noted that the Organisation does not withhold salary tax from its employees and remit them to the tax authority.

Implication

The Organisation may be found to be in breach of Cambodian tax regulations. This could result in the imposition of penalties up to 40% of the unpaid tax, together with interest accruing at the rate of 2% per month.

Recommendation

The Management should review salary subject to taxes and ensure that the related tax payable is paid to the General Department of Taxation in accordance with the Law on Taxation.

Management's response

KAFDOC agrees with the finding. Finance Manager is processing to register and pay tax to GDT from January 2016.

Part 3: Report on capacity in managing finance related grant agreement with Oxfam Great Britain in Cambodia

We have reviewed the capacity of Khmer Association for Development of Country-side Cambodia ("KAFDOC" or "the Organisation") staff and management in handling grant agreement with the Oxfam Great Britain (or "Oxfam") in Cambodia and report as listed below:

1. The expected output as a result from the implement the activities as stated in grant agreement were achieved for project "Gender Road Map II" and 'Woman's action and leadership of agriculture and local good governance".

2. The Organisation's narrative report was outlined how program/project objectives are being/have been implemented and achieved.

3. The financial report such as budget and actual expenditure, financial statements, petty cash count sheet and bank reconciliation, share cost report and credit interest have been sent to Oxfam Great Britain in Cambodia every month. These reports have been signed by responsible staff and director.

4. The financial and project report/program narrative report have been followed by Oxfam's format. However we noted the non-compliance with grant agreement on the financial and project reports period and the date of submission as shown below.

Gender Road Map II project

	Per Grant Contract		Per KAFDOC	
Type of report	Report period	Submission date to Oxfam Great Britain	Report period	Submission date to Oxfam Great Britain
First quarter from 1 April-25 June 2014				
Program narrative report	1 April-25 June 2014	27 June 2014	01 June-30 June 2014	05 July 2014
Financial report	1 April-25 June 2014	30 June 2014	April-June 2014	30 June 2014
Second quarter from July-September 2014				
Program narrative report	25 June - 25 September 2014	29 September 2014	1 July-13 September 2014	13 September 2014
Financial report	25 June - 25 July	30 July 2014	July 2014	31 July 2014

for July 2014	2014			
Financial report for August 2014	25 July - 25 August 2014	31 August 2014	August 2014	31 August 2014
Financial report from July to September 2014	25 June - 25 September 2014	30 September 2014	September 2014	30 September 2014
Third quarter from October-December 2014				
Program narrative report	25 September - 25 December 2014	29 December 2014	13 September-13 December 2014	13 December 2014
Financial report for October 2014	25 September - 25 October 2014	30 October 2014	October 2014	31 October 2014
Financial report for November 2014	25 October - 25 November 2014	30 November 2014	November 2014	30 November 2014
Finance report for October-December 2014	25 Sept-25 December 2014	30 December 2014	December 2014	31 December 2014
Fourth quarter from January to March (Annual/Project completion report)				
Project completion report.	01 April 2014 - 31 Mar 2015	20 Mar 2015	01 April 2014 - 31 Mar 2015	27-March 2015
Financial report for January 2015	25 December 2014 - 25 January 2015	30 January 2015	January 2015	31 January 2015
Financial report for Feb 2015	25 January- 25 February 2014	28 February 2015	February 2015	28 February 2015
Annual financial report	01 April 2014- 30 March 2015	3 April 2015	01 April 2014- 30 March 2015	31 March 2015

Woman's action and leadership of agriculture and local good governance project

	Per Grant Contract		Per KAFDOC	
Type of report	Report period	Submission date to Oxfam Great Britain	Report period	Submission date to Oxfam Great Britain
First quarter from 1 April-25 June 2014				
Program narrative report	1 April-25 June 2014	27 June 2014	N/A. Project started in late September 2014	N/A. Project started in late September 2014
Financial report	1 April-25 June 2014	30 June 2014	N/A. Project started in late September 2014	N/A. Project started in late September 2014
Second quarter from July-September 2014				
Program narrative report	25 June - 25 September 2014	29 September 2014	N/A. Project started in late September 2014	N/A. Project started in late September 2014
Financial report for July 2014	25 June - 25 July 2014	30 July 2014	N/A. Project started in late September 2014	N/A. Project started in late September 2014
Financial report for August 2014	25 July - 25 August 2014	31 August 2014	N/A. Project started in late	N/A. Project started in late

			September 2014	September 2014
Financial report from July to September 2014	25 June - 25 September 2014	30 September 2014	N/A. Project started in late September 2014	N/A. Project started in late September 2014
Third quarter from October-December 2014				
Program narrative report	25 September - 25 December 2014	29 December 2014	1 September 2014 -8 December 2014	13 December 2014
Financial report for October 2014	25 September - 25 October 2014	30 October 2014	October 2014	31 October 2014
Financial report for November 2014	25 October - 25 November 2014	30 November 2014	November 2014	30 November 2014
Finance report for October-December 2014	25 Sept-25 December 2014	30 December 2014	December 2014	31 December 2014
Fourth quarter from January to March (Annual/Project completion report)				
Project completion report.	1 April 2014 - 31 Mar 2015	20 Mar 2015	1 September - 28 February 2015	28 February 2015
Financial report for January 2015	25 December 2014 - 25 January 2015	30 January 2015	January 2015	31 January 2015
Financial report for Feb 2015	25 January- 25 February 2014	28 February 2015	February 2015	28 February 2015
Annual financial report	1 April 2014- 30 March 2015	3 April 2015	1 September - 28 February 2015	28 February 2015

5. At the end of the projects, the KAFDOC sent to Oxfam Great Britain in Cambodia the photocopied receipts and expenditures with supporting documents for every transactions. Those documents were cleared, readable and properly certified by Organisation's stamp, authorized name, position and date.

6. The surplus of income over expenditure has been transferred back to Oxfam Great Britain in Cambodia on 9 April 2015 with respect of the project "Enhancing Small Women Producers' Economic and Leadership" amounting to USD1,231.45.

7. Salary tax has not been withheld and paid to tax authority even though the Organisation agrees in the grant agreement to comply with all applicable laws in Cambodia. The KAFDOC may have liability for any negligence in tax payment in the future. The Executive Director claims that the KAFDOC is in the process to pay the salary tax to government as at this report's reporting date.

Conclusion

Based on the reports we reviewed, KAFDOC achieved the expected output as a result from implementing the activities as stated in grant agreement and complied with the Oxfam's format for progress narrative and financial report, except for the non-compliance of the report period and the date of submission of report to Oxfam and non withholding of tax on salary as detailed above.