

Learning Forum Financial Management

Documentations in year 2017



Compiled by: Mara Keo, Learning Specialist

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We appreciated Financial Working Group members for their great contributions to ensure the high quality of Learning Forum on **Financial Management**. They have shared the experience and expertise since 2011.



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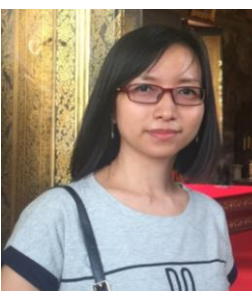
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I. Introduction

As the longest established membership organization in Cambodia, the Cooperation Committee for Cambodia (CCC) has played a unique role since 1990 in strengthening the cooperation, professionalism, accountability, governance, and development effectiveness of the Civil Society Organizations (CSOs) that are working across diverse sectors in Cambodia.

Phase 3 of CCC's Governance Hub Program (GHP) for the five year period 2017-2021, the goal of CCC is for a "strong and capable civil society, cooperating and responsive to Cambodia's development challenges". The GHP's goals are 1) enhanced effectiveness and impact of civil society organizations (CSOs), and 2) improved enabling environment for CSOs. Responding to its goals CCC offers a range of capacity development and learning opportunities for NGO staff to influence their thinking and practices and to deliver high quality services appropriately respond to the true needs of those CSO.

One of seven program strategies is the **Learning and Capacity Development** for CCC members and other interested CSOs. Among this program the learning forum on Human Resource Management (HRM), Monitoring and Evaluation (M & E), Information Communication Technology (ICT) and Finance Management forum is very importance to build the capacity of its members for better performance of their service delivery.

To ensure the quality of the learning forum CCC has formed the Working Groups to provide inputs and advice for NGO learning community in Cambodia. The Working Group will play role as an oversight committee to provide strategic and technical support to NGO community to promote and improve their Human Resource Management, Monitoring and Evaluation, Information Communication Technology and **Financial Management System** within their organizations for effectiveness and efficiency development in NGO sector of Cambodia.

II. Objectives of the learning forum on Financial Management System

The Financial Learning forum is designed to:

1. Stimulate action learning to transform knowledge; skills and experiences of individual people and organizations into a community of practices for a betterment of NGO community in Cambodia in the field of finance;
2. Build a strong network among financial practitioners and professionals for ongoing learning on financial matters and issues related;
3. Provide opportunity to CCC members to reflect and learn from experiences and the best practices on finance in order to improve their own financial management system.

III. Compiling Documentations

The two learning forums of Financial Management in 2017 were compiled to be a booklet for participants, it was shared and opened for all in CCC website.



**វេទិការៀនសូត្រការគ្រប់គ្រង THE 20TH FINANCE MANAGEMENT
ហិរញ្ញវត្ថុលើកទី២០ LEARNING FORUM**

**ស្តីពី ON
“ការគ្រប់គ្រងហានិភ័យផ្ទៃក្នុង និងការគ្រប់គ្រង” Internal Control and Financial Risk
និងវិភាគហានិភ័យហិរញ្ញវត្ថុ” Management and Analysis”**

ថ្ងៃទី ១៨ ខែ សីហា ឆ្នាំ ២០១៧
អាគារដោយកូរ៉េស៊ីនធើ

18th August 2017
Diakonia Center Building

រៀបចំដោយ: អង្គការគណៈកម្មាធិការសហប្រតិបត្តិការសម្រាប់កម្ពុជា (គ.ស.ក)
Organized By: Cooperation Committee for Cambodia (CCC)

**Welcome to
The 20th of Finance Learning Forum
On
“Internal Control and Financial
Risk Management and Analysis”**

18th August 2017, 8:00-5:00pm,
Diakonia Center



Vision: Sustainable development for Cambodia.





Review Session

The last Finance Learning Forum on 21st April 2017

On "Procurement Management"

Mr. Om Nareth
Finance Specialist, CCC

General Procurement Management and Internal NGOs Procurement Policy

By: Mr. Try Sokha, MBus(Fin), Consulting Manager

A) General Procurement Management

What is Procurement Management? Is the systematic approach used for buying all the goods and services needed for an organization to stay sustainable.

General Procurement Management: It's differing from one NGO to another as following:

1. Source of funding (eg: SIDA, USAID, Diakonia, EU..)
2. Nature of activities (eg. Advocacy NGO, NGO support for
3. child abuse, NGO support for agriculture...)
4. Size of NGO (eg. Number of staff, branch, funding)
5. Organizational structure
6. Location of work (eg. Rural area, urban...)

B) Internal NGO Procurement Policy

The minimum of Procurement Policy should be consist of :

1. Ethic and Principle of Procurement
2. Procurement Planning
3. Threshold and Procurement Committee
4. Method of Procurement
5. Type of Procurement
6. Prequalification and Expression of Interest
7. Exemption of Procurement
8. Contract
9. Anti-Fraud and Conflict of Interest
10. Complain Handling.

B) Internal NGO procurement policy (cont')

☐ Procurement methods:

1. Direct procurement
2. Simplified tendering- this is bigger than direct procurement
3. Selective tendering-required 3 quotations and approved by committee
4. This for purchase goods with high price by announcing publicly through newspaper or website then approved by committee
5. Single source procurement-difficult product or service that hard to seek.

B) Internal NGO Procurement Policy (cont')

☐ Threshold procurement committee :

This requires to form a committee rather than one person avoiding risk happening. The sample of threshold procurement was shown in the slide of CCC website.

☐ Exemption to some of the procurement roles:

Exemption from rule of minimum 3 tenders:

1. Emergency situation
2. In situation where it is impossible to find
3. Supplier.

Donor Agreement and Regulation Legal Supplier

By: Mr. Meas Kheang, Operation Director, CCIM/VOD

Donor Agreement

Are there any condition in agreement?

- Which procurement policy shall apply (donor or own organization). In generally, the organization may apply own procurement policy if it meets the minimum standard of donor's procurement .
- Require prior review and approval by the donor
- Limit the brand name, country, cost...

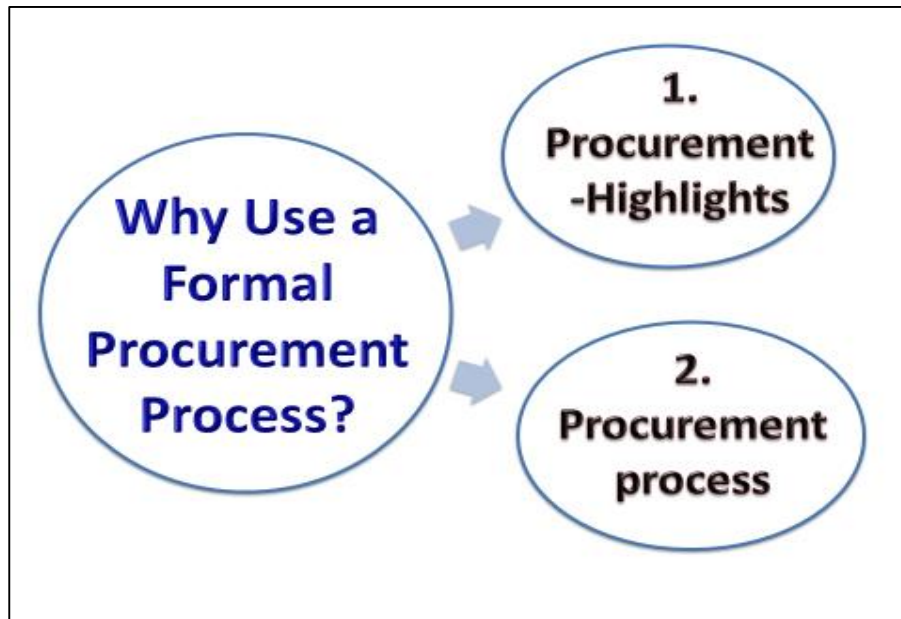
Regulation Legal Supplier

To ensure full compliance with all taxation requirements to avoid being penalized, we should be clear with supplier on tax payment:

- For supplier (register for Value Added Tax-VAT). VAT 10% is collected by supplier from customers on supplying of goods or services.
- For supplier (resident individual), the withholding tax shall be withheld as rate below:
 - Rental 10%
 - Service 15%
- For supplier (non-resident individual), the withholding tax shall be withheld 14%.

Procurement Process

By: Ms. Leang Seila, Country Accountant
PLAN International Cambodia



Procurement -Highlights

Principles:

1. Segregation of duty
2. Transparency
3. Quality and price
4. Splitting of purchases not allowed

2/1/2018

Procurement Process

1. Procurement plan and Budgeting
2. Procurement request:
 - ❖ Requisition
 - ❖ Request for Quotation
3. Form committee,
4. Identify Specification
5. Quote, bidding,
6. Selection quote and recommendation,
7. Final approval.

2/1/2018


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iDE

Welcome

Internal Controls

- **Contents:**
- 1 • **What are Internal Controls?**
- 2 • **Why Internal Controls are Important?**
- 3 • **What are Management Role & Responsibility?**
- 4 • **What are Types of Internal Control**
- 5 • **What are Special Policies?**



What are Internal Controls?

Internal Controls are the methods and procedures used:

1. To protect assets,
2. to ensure accounting information is correct,
3. To deter and detect fraud and error
4. to ensure operations run efficiently, and
5. To ensure policies set by management are being followed.

Why Internal Control

Strong internal controls are importance:

1. handling funds received and expended by the organization
2. preparing appropriate and timely financial reporting to board members and senior management
3. conducting the annual audit of the organization's financial statements
4. evaluating the performance of the organization
5. evaluating staff and programs
6. maintaining inventory records of property
7. implementing personnel and conflicts of interest policies.

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Internal Controls are needed because

1. Internal controls reduce the temptation to steal because of the likelihood of detection.
(Organization's work involves large sums of donor's funds in its projects and offices. Handling this money can cause temptation to staff).
2. Strong internal controls help the staff to do the commitments. *(Organization has made a commitment to its mission, vision, donors, partners and the communities where it works to be responsible of the funds given).*
3. Internal controls and systems help the staff and the organization to be more accountable for the funds given. *(While Organization places a high level of trust in its staff, this must be balanced with the need to be accountable).*

What are Management Role and Responsibility?

Management Role and Responsibility

1. Management is responsible for establishing a good system of internal controls at projects and its offices.
2. All managers have the responsibility to make sure internal controls are understood and followed by staff.
3. Management should be informed of problems, issues and any suggestions for improvement.

Manager's Financial Role

Policies and Procedures

A manager should fully understand his financial role and responsibilities within his project, and must have clear understanding of the Organization financial policies and procedures.

What should a manager be aware of:

1. Donor's required financial reporting and processes, i.e. financial reporting format, date of submission of reports, audit requirements, etc.
2. Project's plans and budgets
3. Cash needs during the month
4. Level of financial approvals
5. Manual of Organization Financial policies and procedures
6. Financial information in the Monthly Project Financial Report, i.e. monitoring of actual expenditures against the budget

Manager's Financial Role (cont')

Budget

- ❖ It is the responsibility of the Program / Project Managers to monitor actual spending of project expenditures against its budget.
- ❖ The Program/ Project Manager should ensure that the following requirements are met:
 1. Donor's funds are properly spent according to the planned activities
 2. The key project staff understands the budget line items where project payments should be charged.
 3. Sufficient contribution for the project support cost is budgeted, i.e. for finance, admin and management support cost.
 4. The actual expenditures of the project do not exceed donor's approved budget.

Manager's Financial Role		Areas of Responsibilities
Responsibility	Program/ Project Manager	Finance Officer
Financial Management	The Manager is responsible for the overall management of its project, which includes the financial management.	The Finance staff provides technical support and financial information to the Project Manager.
Cash Management	The Manager informs the Finance Officer the total cash needs of the project during the month.	The Finance staff ensures that cash is available at the project level for the implementation of project activities.
Purchasing	The Manager makes the decision on which materials or services should be procured for its project.	The Admin Staff or Procurement Staff ensures that the material and/ or service approved by the Project Manager for procurement gets paid and delivered to the project on a timely manner.
Cash Disbursement	The Manager assumes the responsibility of disbursing project's fund.	The Finance staff is responsible in releasing project's fund after securing approval from the Project Manager
Coding of Project Expenditures	The Manager takes responsibility in approving the project's expenditures to the proper project budget line items, in the Finance Voucher and Purchase Order.	The Finance staff encode the budget line information in the accounting software for the preparation of project financial report
Financial Reporting/ Budget Monitoring	The Manager is responsible in monitoring its actual project' expenditures against its budget.	The Finance staff is responsible in providing Monthly Financial Report to the Project Manager on a timely manner.
Donor's Financial Requirements	The Manager takes responsibility in ensuring that financial procedures and requirements are met by the Organization.	The Finance staff assist the Project Manager in meeting the donor's requirements by providing the financial reports on timely manner.

What are Types of Internal Controls?

1- Competent, trustworthy staff with clear lines of authority and responsibility

1. Staff are carefully selected and trained to do their job and have clear job description

2. Authority limits for accounting voucher and Purchase Order are understood and followed

3. Staff are oriented on HR and finance policies & procedures

2- Level of Authority

- 1. It is important for Organization staff to understand the key positions within the Organization which have financial approval responsibilities.**
- 2. Various positions within Organization are given responsibilities to approve the financial transactions.**

3- Segregation of duties and responsibilities

1. Staff who is responsible for keeping records of Organization's assets does not have custody of the assets
 2. Staff approving purchases are different from those doing the purchasing
 3. Authority levels should be set for senior management
 4. Capital expenditures over USD X,XXX must be approved by the Country Director
 5. All contracts must be signed by the Country Director or authorized staff delegated by the Country Director in his/ her absence.
- *Proper segregation of duties permits the work of one person to act as a check on work performed by another person.*

4- Organization Structure

Staff- requester

Direct Supervisor- check person

Authority Line Manager- approve person

Finance/Accountant- verify person on calculation and documentation

Finance Manager- preparation of financial reports

Country Director/ Program director- response and approve person on financial reports

5- Adequate documents and records

1. Accounting Forms are simple in layout and easily understood and completed
2. Accounting Form is designed to ensure that sufficient internal controls are in place and transactions are properly accounted for.
3. Appropriated documentation supports and explains the transactions
4. All unusual expenditures should be fully explained and approved in writing

6- Proper procedures for record keeping

1. Finance Vouchers are completed for all financial transactions
2. Finance Vouchers are numbered and filed after entering on accounting software
3. Usage of pre-numbered forms for official receipts, cash payments and check payments

7- Physical control over assets and records

1. Office doors are locked after office hours daily
2. Backup and hard copies made for important computer files
3. Maintenance of asset inventory listing

8- Independent checks on performance

1. Independent cash count of fund in safe.
2. Cash count sheets to agree cash balances with cash on hand.
3. Program / Project manager reviews the monthly financial reports

9- Preparation of financial reports

1. Preparation of monthly financial statements and trial balance.
2. Preparation of bank reconciliation statement to agree bank balance against the records.
3. Preparation of donor report and BvA

What are Special Policies?

Special Policies

- 1. Commissions, Gifts and Bribes
- 2. Fraud and Other Irregularities
- 3. Approval of Personal Expenses
- 4. Lost or Stolen Assets
- 5. Private Use of Organization's properties (vehicles, computers...)

➔ Inappropriate segregation of duties increases the probability of fraud, carelessness, and unreliable record keeping.

Policies and
Procedures

People

4Ps are Important

Participation

Promotion

Internal controls checklist summary

The following checklist can be used to identify internal controls that are either currently used or required within your organization:

- 1. Well documented policies
- 2. Segregation of duties
- 3. Approvals, Authorizations, Verifications
- 4. Reconciliations
- 5. Supervision/ Performance Reviews
- 6. Security of Assets
- 7. General information systems controls
- 8. Internal and external audits

The 20th Finance Learning Forum

Financial Risk Management and Analysis

18th August 2017
Diakonia Center

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- 2. Risk and Uncertainty**
- 3. Nature and Types of Risks**
- 4. Who does Risk Management?**
- 5. How does is Benefits?**
- 6. How to manage the Financial Risk?**
- 7. What are Risks Management process?**
- 8. Strategic Financial Management**
- 9. How can Measurement of Risk**

1. Overview Risks

It is important for all NGOs, large or small, to assess and then manage financial risks facing the organization. Significant financial risks that are not actively managed could threaten the NGO's operations and financial security (Mango).

What is a Risk?

We deal with risks every day. For example, getting in the car to drive has risks. Risks are a part of life, and in fact very much part of any organizations activities.

To define risk on a technical level, a risk is "the effect of uncertainty of an object". Think of it as cause and effect... an event happens (the cause) and the risk is the effect (good or bad) and how likely it will happen.

A risk can be internal (within your control) or external (outside your control). Risk management then, is managing the possibility that something will happen.

1. a). Definition of Risk

Risk may be defined as “ the chance of future loss that can be foreseen”

Risk is the potential for variability in return.

Risk involved in capital budgeting can be measured in absolute as well as relative terms. The absolute measures of risk include **sensitivity analysis, simulation and standard deviation**. The **coefficient of variation** is a relative measure of risk.

2. Risk and Uncertainty

The two types of expectations individuals may have about the future:

- **Certainty, and**
- **Uncertainty**

Risk describes a situation where there is not just one possible outcome, but an array of potential returns. Also there are various probabilities for each of the probable returns.

Risk refers to a set of unique outcomes for a given event which can be assigned probabilities while uncertainty refers to the outcomes of a given event which are too unsecure to be assigned probabilities.

2. Risk and Uncertainty (cont')

Risk refers to the variability in the actual returns *vis-à-vis* the estimated returns, in terms of cash flows.

Risk is an integral part of investment decision. The **uncertainty** related with the returns from an investment brings risk into an investment.

The possibility of variation of actual return from the expected return is known as risk.

3. Nature of Risk

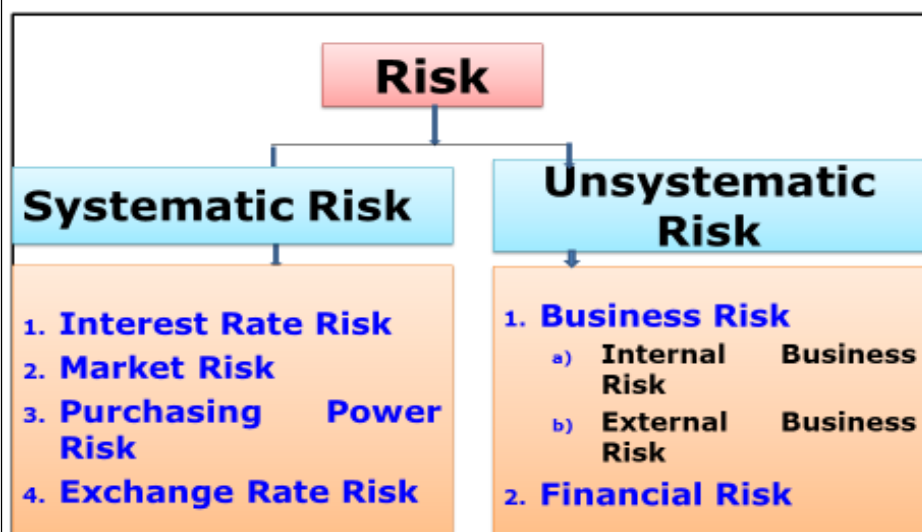
Risk exists because of the inability of the decision-maker to make perfect forecasts.

In formal terms, the risk associated with an investment may be defined as the variability that is likely to occur in the future returns from the investment.

Three broad categories of the events influencing the investment forecasts:

- *General economic conditions*
- *Industry factors*
- *Company factors*

3. A). Types of Risk



3. A). Types of Risk(cont')

Systematic Risk: is the risk which is directly related with overall movement in general market or economy. This type of risk covers factors which are external to a particular company and are uncontrollable by the company.

Unsystematic Risk: refers to variability in returns caused by unique factors relating to that firm or industry like management failure, labor strikes, and shortage of raw material. There are two source of **unsystematic or unique risk – business risk and financial risk.**

3. B). Unsystematic Risk

1. Business Risk

2. Financial Risk

1. Business Risk: is the variability in operating income due operating conditions of the company. This can be divided into two types

a. Internal Business Risk

Factors affecting Internal Business Risk are:

- > Fluctuation in Sale
- > Research and development
- > Personnel management
- > Fixed cost
- > Single product

b. External Business Risk

Result of operating conditions imposed on the firm circumstances beyond its control.

- > Social and regulatory factors
- > Political Risk
- > Business cycle

3. B). Unsystematic Risk (cont')

2. Financial Risk: It refers to the variability in return due to capital structure.

Financial Risks included:

1. Interest rate risks
2. Market risks
3. Credit risks
4. Operational risks
5. Liquidity risks
6. Foreign exchange risks

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3. C). Types of Uncertainty

Uncertainty can be classified into the following categories.

1. Market Uncertainty:

caused by factors which are external to the economy.

2. Technical Uncertainty:

caused by technical factors like size of production or change in technology

3. Competitive Uncertainty: due to action of competitors

4. Technological Uncertainty:

non availability of technology

5. Political Uncertainty: Due to Unstable political system

4. Who does risk management?

The trustees (ie. Board members) are responsible for ensuring that a risk assessment takes place regularly.

It is often best done by a group of people including board members and management, say once a year. This will ensure ownership of the results and a greater awareness in the team of the potential threats.

External auditors may also be able to help or advise.

5. How does is Benefits?

Effective risk management can contribute to **strategic and business planning and the general running (operational activities)** of an organization.

It creates **confidence** that your organization can deliver the desired outcomes, **manage threats** to an acceptable degree, and make informed decisions about **opportunities**.

improves the quality of decision-making (appropriate, fast, accurate, and effective)

improves stakeholder **relationships** and stakeholders' confidence in the organization through enhanced **accountability and reporting processes**.

contributes to the development of a **positive organizational culture of improved governance**, as well as helps establish **clear purpose, roles and accountabilities** for all staff

Optimizes performance through efficiencies in service delivery, major change and quality assurance initiatives.

6. How does we manage the financial risk?

Financial risk assessment can be look :

- 1. Planning & budgeting**
- 2. Basic Accounting systems**
- 3. Financial reporting**
- 4. Internal controls**
- 5. Grant management**
- 6. Staffing**
- 7. Others**

7. The risk management process



7.a).The risk management process

The 5 Steps Process _for most small organisations, keeping it simple is the key. (Australasian Standards _EA Insurance)

- 1. Identify your risks.**
- 2. Analysis your risks**
- 3. Evaluate your risks**
- 4. Treat your risks**
- 5. Monitor and review the risks**

Step 1: Identify Risks



Source: Basic risk management for not-for-profits, EA Insurance

Step 2: Analysis risk

EXTREME						
HIGH						
MEDIUM						
LOW						
LIKELIHOOD	Almost Certain 5					
	Likely 4					
	Possible 3					
	Unlikely 3					
	Rare 1					
		Insignificant 1	Minor 2	Moderate 3	Major 4	Critical 5

Step 2: Analysis risk (Cont')

How to analysis it?

RISK RATING	
EXTREME	Immediate action required to eliminate or reduce risk
HIGH	Senior management attention needed
MEDIUM	Action must be taken to eliminate or reduce the risk
LOW	Managed by routine procedures

Step 2: Analysis Risk (Cont')

RISK LIKELIHOOD CRITERIA

LIKELIHOOD LEVEL	DESCRIPTION	PROBABILITY
Almost Certain 5	Is expected to occur in most circumstances – frequently during the year	> 95% - 100%
Likely 4	Will probably occur – once during the year	70% - 95%
Possible 3	Might occur at some time – once every 3 years	30% - 70%
Unlikely 3	Could occur at some time – once every 5 years	5% - 30%
Rare 1	May occur only in exceptional circumstances. This event is known to have occurred elsewhere – once every 5+ years	<5%

Step 3: Evaluate Risk

Step 3A: Priorities risk Rank the risks in order of the highest risks to lowest. At this point many organizations get overwhelmed and give up.

We recommend that you select the top 6-10 risks to start with. It is better to deal with the most important risks properly first, then move on to the other lower priority risks.

Step 3B: The next practical step is to evaluate your top risks by asking a simple question, "Are we comfortable with the way this risk is being handled?"

Step 3C: It's now time to complete a simple summary document of your risk management findings. This summary is commonly referred to as a risk register. The following is an example of a risk register.

Step 3: Evaluate Risk (Cont')

RISK REGISTER (Example)								
Priority	Risk	Details	Likelihood	Consequence	Risk Rating	Treatment	By whom	By when
1	Damage to reputation	Allegation of impropriety	Almost certain	Major	Extreme	Develop HR protocols Appoint PR agency	HR Manager	
2	Employment issue	Staff unfair dismissal	Unlikely	Moderate	Medium	Develop HR protocols	HR Manager	
3	Major building fire	Fire causing complete loss of building	Unlikely	Major	Medium	Create continuity plan. Review fire safety procedures	MD	
4	Loss of major donor	Donor withdraws annual support	Likely	Major	High	Develop major donor strategy.	MD	
5	Board change	Key board member retires	Likely	Minor	Medium	Create board succession plan	Board	

Step 4: Treat the Risks

The strategies

1. Avoid the risk	Do something to remove it such as ban the activity.
2. Transfer the risk	Make someone else responsible. Perhaps engage a contractor or a third party. Getting appropriate insurance coverage may be a risk transfer strategy
3. Mitigate the risk	Take actions to lessen the impact or chance of the risk occurring. Create risk strategies, plans and policies for risks and adjust behaviours where necessary to reduce the risk
4. Accept the risk	You might calculate the risk and decide that it is worth taking on for yourself.

Step 5: Monitor and Review Risk

The big or small org, should allocate one or two people to champion and manage the risk management process. They should provide regular reports to the board as well as coordinate the assessment of any new activities.

It is appropriate to conduct a comprehensive review annually and looking at any incident and near miss trends. It is best to schedule in advance.

8. Strategic Financial management

An approach to management that applies financial techniques to strategic decision making.

Definition: "the application of financial techniques to strategic decisions in order to help achieve the decision-maker's objectives"

Strategy: a carefully devised plan of action to achieve a goal, or the art of developing or carrying out such a plan

Strategic Financial Management refers to both, financial implications or aspects of various business strategies, and strategic management of finances

8.a).Strategic Financial Decisions

Strategic Financial Management Deals with:

1. Investment decisions

- a) Long Term Investment Decisions
- b) Short Term Investment Decision

2. Financing Decisions

Best means of financing - Debt Equity Ratio

3. Liquidity Decisions

Organization maintain adequate cash reserves or kind such that the operations run smoothly

4. Dividend Decisions

Disbursement of Dividend to Share holder and Retained Earnings

5. Profitability Decisions

8.b).Strategic Financial Planning

A Financial Plan is statement of what is to be done in a future time.

Most decisions have long lead times, which means they take a long time to implement.

In an uncertain world, this requires that decisions be made far in advance of their implementation

8.b). Strategic Financial Planning (cont')

It formulates the method by which financial goals are to be achieved.

There are two dimensions:

1.A Time Frame

- Short run is probably anything less than a year.
- Long run is anything over that; usually taken to be a two-year to five-year period.

2. A Level of Aggregation

- Each division and operational unit should have a plan.
- As the capital-budgeting analyses of each of the firm's divisions are added up, the firm aggregates these small projects as a big project.

8.b).Strategic Financial Planning (cont')

Scenario Analysis

Each division might be asked to prepare three different plans for the near term future:

1.A Worst Case- *This plan would require making the worst possible assumptions about the companies products and the state of the economy*

2.A Normal Case- *This plan would require making the most likely assumptions about the company and the economy*

3.A Best Case- *Each divisions would be required to work out a case based on optimistic assumptions. It could involve new products and expansion.*

8.c).Components of Financial Strategy

1. Start-Up Costs

A new business venture, even those started by existing companies, has start-up costs. An existing manufacturer looking to release a new line of product has costs that may include new fabricating equipment, new packaging and a marketing plan. Include your start-up costs in your financial strategy.

2. Competitive Analysis

Your competition affects how you make money and how you spend money. The products and marketing activities of your competition should be included in your financial strategy. An analysis of how the competition will affect revenue needs to be included in your planning.

8.c). Components of Financial Strategy (cont')

3. Ongoing Costs

These include:

- labor, materials, equipment maintenance, shipping and facilities costs, such as lease and utilities. Break down your ongoing cost projections into monthly numbers to include as part of your financial strategy.

4. Revenue

In order to create an effective financial strategy, you need to forecast revenue over the length of the project. A comprehensive revenue forecast is necessary when determining how much will be available to pay your ongoing costs, and how much will remain as profit.

9. How can Measurement of Risk? Cont'

Risk involved in capital budgeting can be measured in absolute as well as relative terms.

The absolute measures of risk include :

- **Sensitivity analysis,**
- **Simulation, and**
- **standard deviation.**



សំណួរ

1. តើការត្រួតពិនិត្យផ្ទៃក្នុងគឺជាអ្វី?
2. តើហេតុអ្វីចាំបាច់ត្រួតពិនិត្យផ្ទៃក្នុង?
3. តើធ្វើដូចម្តេចដើម្បីប្រាកដថាការត្រួតពិនិត្យផ្ទៃក្នុងកាន់តែមានប្រសិទ្ធភាព?
4. តើអ្នកមានបញ្ហាប្រឈមអ្វីខ្លះក្នុងការធ្វើការត្រួតពិនិត្យផ្ទៃក្នុង?

សំណួរ

1. តើមានហានិភ័យអ្វីខ្លះដែលវាអាចជះឥទ្ធិពលមិនល្អដល់ការគ្រប់គ្រងហិរញ្ញវត្ថុនៅក្នុងអង្គការ?(សូមលើកយកចំណុចសំខាន់ៗ)
2. តើអ្នកវិភាគហានិភ័យនោះដូចម្តេច?
3. តើអ្នកមានយុទ្ធសាស្ត្រអ្វីក្នុងការគ្រប់គ្រងហានិភ័យទាំងនោះ?



**វេទិការៀនសូត្រការគ្រប់គ្រង
ហិរញ្ញវត្ថុលើកទី១៩**

**THE 19TH FINANCE MANAGEMENT
LEARNING FORUM**

ស្តីពី

ON

“ ការគ្រប់គ្រងលទ្ធកម្ម ”

“PROCUREMENT MANAGEMENT”

**ថ្ងៃទី ២១ ខែ មេសា ឆ្នាំ ២០១៧
អាគារដោយភូនៀសិនធើ**

**21st April 2017
Diakonia Center Building**

**រៀបចំដោយ: អង្គការគណៈកម្មាធិការសហប្រតិបត្តិការដើម្បីកម្ពុជា (គ ស ក)
Organized By: Cooperation Committee for Cambodia (CCC)**

Objectives

- To help practitioner participants strengthen their procurement management
- To provoke the practitioner participants’ well preparation in complying related to the procurement policy and relevance law in Cambodia.
- To create a learning and sharing environment and build a stronger network of finance practitioners among CSOs community

Agendas and Speakers

Open Remark Review Session



Mr. Khorn Bunthong, HOO, CCC
Mr. Om Nareth, FS, CCC

General Procurement Management and Internal NGOs procurement policy



Mr. Try Sokha,
Manager, Business and Financial
Management, Consulting ; PCG &
Partners Co., Ltd

Donor agreement and Regulation Legal



Mr. Meas Kheang,
Operation Director of CCIM/VOD
Mr. Ok Lybounna,
Freelance Consultant

- Procurement Process
- Group Discussion
- TNA, Selection topic
for the next learning,
Evaluation



Ms. Leang Seila,
Country Accountant of
Plan International Cambodia
Ms. Bun Monyrod, Admin &
Finance Manager of HACC
CCC Team

Review Session

The last Finance Learning Forum in 2016

Mr. Om Nareth
Finance Specialist , CCC

Anti-Corruption Focus on "Fraud Management"

I. DEFINITION OF CORRUPTION: *The abuse of entrusted power for private gain- (TI)*

Common Forms of Corruption/Bribery: (1. Fraud & Embezzlement, 2. Nepotism, 3. Conflict of Interest, 4. Abuse of power, 5. Bribery, 6. Gift)

II. DEFINITION OF FRAUD: *The offence of intentionally deceiving someone in order to gain an unfair or illegal advantage (financial, political or otherwise)-(TI)*

III. WHY PEOPLE COMMIT FRAUD? (1. Opportunity, 2. Motive, 3. It Makes Sense to Some People)

IV. WHAT FACTORS PERMITTING FRAUD (*Weak internal control*)

Anti-Corruption Focus on "Fraud Management" cont'

V. COMMON FORMS OF FRAUD/EMBEZZLEMENT: (1. steal org's properties, 2. using personal bank account to keep donor money, 3. Increasing amount of participations in training, meeting, workshop in purpose to get some benefit from these, 4. faking signatures of participations. 5. sharing confidential information about planned procurement, to supplier/service provider before or during procurement process et...)

VI. HOW FRAUD CAN BE PREVENTED/MITIGATED?:

1. value, 2. involve staff, beneficiaries or stakeholder, 3. recruitment, 4. orientation, 5. employee's pledge, 6. salary pay, 7. management by walking about, 8. financial management training, 9. develop good internal control system)

VII. DELEGATE AUTHORITY: (*delegate authority document, authorization rules,*)

a) Bank : bank reconciliation, inactive bank

Anti-Corruption Focus on "Fraud Management" cont'

b) cash : (1. keep minimum cash at the ORG, 2. use an : ' imprest' system, 3. access to petty cash and the safe shall be restricted, 4. cash count & reconciliation shall be done regularly, 5. keep money coming in separate from money going out, 6. always issue receipt for money received, 7. always ask for official receipt for money paid out, 8. transfer surplus cash into the bank,

c) Have a safe for keeping important documents in addition to petty cash safe. (payroll, procurement, fixed asset, stocks, vehicles)

VIII. HOW FRAUD CAN BE DETECTED? (*Daily review & internal audit*)

IX. WHISTLE BLOWING

X. INVESTIGATION AND ACTION AGAIN FRAUD; AND APPEALS AGAINST DISMISSAL

COMMON FORMS OF FRAUD/EMBEZZLEMENT

- Stealing organization's properties.
- Removing small amounts of cash funds from daily cash receipts.
- Failing to record receipts and pocket the cash.
- Estimating excess expense amount for working advance for personal use.
- Paying ghost employees for kickbacks .
- Paying increased rates or hours to employees for kickbacks.
- Falsifying additions to payroll through uncontrolled access to the payroll database or through collusion with the payroll database administrator.
- Paying false invoices either self prepared or in collusion with suppliers.
- Increasing the amount in the invoice in collusion with suppliers.
- Charging personal expenditure to the organization.
- Falsifying inventory records.
- Selling waste and scrap and pocketing the cash.
- Obtaining blank check and forge the signature.
- Permitting special prices to certain suppliers for kick-backs.
- Forging the signature of organization's authorized persons for any benefits.

COMMON FORMS OF FRAUD/EMBEZZLEMENT (Cont.)

- Faking data in the financial report
- Increasing amount of participations in training, meeting, workshop in purpose to get some benefit from these.
- Faking signatures of participations
- Using organization's properties for their own benefit.
- Using working time to do their personal work.
- Sharing confidential information about planned procurement, to supplier/service provider before or during procurement process.
- Sharing confidential information about recruitment to the candidate who is shortlist for the interview/written test.
- Using personal bank account to keep the donor money.
- Stamping "paid" to the invoice, but delaying payment to the supplier/service provider without proper reason.
- Overstating the achievements in report without enough proof to the donors
- Faking the reports in collusion between the donor's focal person and the partner
- Falsifying any other documents/figures, etc.



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The 19th Finance Learning Forum

Procurement Management

21 April 2017, Diakonia Center

Try Sokha,
MBus(Fin)
Consulting Manager

CONSULTING | TECHNOLOGY

**Procurement
Management**

General Procurement Management

Internal NGOs Procurement Policy

What is Procurement Management?

What is Procurement Management?

Procurement Management is the systematic approach used for buying all the goods and services needed for an organization to stay sustainable.

General Procurement Management

Procurement is different from one organization to another based on the following:

- 1) Source of funding, eg SIDA, USIAD, Daikonia, EU...
- 2) Nature of activities, eg Advocacy NGO, NGO support for Child Abuse, NGO work for support Agriculture
- 3) Size of NGO, eg number of staff, branch, funding
- 4) Organizational structure
- 5) Location of working, eg. rural area, urban...

Internal NGO Procurement Policy

Procurement Policy

The minimum of Procurement Policy should be consist of

- 1) Ethic and Principle of Procurement
- 2) Procurement Planning
- 3) Threshold and Procurement Committee
- 4) Method of Procurement
- 5) Type of Procurement
- 6) Prequalification and Expression of Interest
- 7) Exemption of Procurement
- 8) Contract
- 9) Anti-Fraud and Conflict of Interest
- 10)Complain Handling

6

Procurement Method

- 1)Direct Procurement
- 2)Simplified Tendering
- 3)Selective Tendering
- 4)Open Tendering
- 5)Single Source Procurement

Threshold and Procurement Committee

- The Procurement Committee serves the purpose of making sure procurements are being made as transparent as possible, which is in line with organization conflict of interest policies. The committee goes through the tenders and evaluates them according to the set up criteria based on the Terms of Reference. The threshold values of procurement of service, goods or work services are structured as following:

Threshold and Procurement Committee (Sample)

Goods/Work service	Consultant service	Required Signature
<p>1. Direct Procurement < USD 100</p> <p>This procedure can be used for small purchase.</p> <p>No procedure is needed</p>	<p>1. Direct procurement < USD 250</p> <p>This procedure can be used for a quick and not extensive assignment</p> <p>It is not allowed to break down assignment in several contracts.</p>	<p>Required PC: PO (if concerned staff procures, she/he needs to provide explanation note)</p> <p>Required Approval:</p>
<p>2. Simplified Tendering USD 100 – 300</p> <p>This procedure can be used when needing to explore and compare a minimum of:</p> <ul style="list-style-type: none"> • 3 verbal quotations (from pre-qualification list or outside pre-qualification list). <p>But it is encouraged to use pre-qualification list.</p>	<p>2. Simplified Tendering USD250 – 500</p> <p>This procedure can be used when needing to explore and compare a minimum of:</p> <ul style="list-style-type: none"> • 3 verbal quotations (from pre-qualification list or outside pre-qualification list) <p>But it is encouraged to use pre-qualification list.</p>	<p>Required PC:</p> <ol style="list-style-type: none"> 1) Concerned staff, 2) Direct line manager, 3) PO and 4) One of SMT Members <p>Required Approval</p>
<p>3. Selective Tendering USD 301 -5,000</p> <p>Selective Tendering is a formal procedure, including the preparation of complete set of tender documents. The procedure required to have a minimum of:</p> <ul style="list-style-type: none"> • 3 formal written quotations/emails (from pre-qualification list or outside pre-qualification). <p>Note: In case three quotations obtained by email from suppliers, reasonable justification is required with the approval of approving officer.</p>	<p>3. Selective Tendering USD 501 -25,000</p> <p>Selective Tendering is a formal procedure, including the preparation of complete set of tender documents. The procedure required to have a minimum of:</p> <ul style="list-style-type: none"> • 3 formal Expression of Interests/Proposals (attached with Term of Reference) by hard document or emails (from pre-qualification list or outside pre-qualification). 	<p>Required PC:</p> <ol style="list-style-type: none"> 1) Concerned staff, 2) Direct line manager, 3) FQ, 4) PO and 5) One of SMT Members <p>Required Approval</p>

Threshold and Procurement Committee (Sample)

Goods/Work service	Consultant service	Required Signature
4. Open Tendering > USD 5,000 Open Tendering procurement applied similarly to Selective Procurement procedure but the announcement needs to be made publicly on newspaper, website, ...etc	4. Open Tendering > USD 25,000 Open Tendering procurement applied similarly to Selective Procurement procedure but the announcement needs to be made publicly on newspaper, website, ...etc	Required PC: 1) Concerned staff, 2) Direct line manager, 3) FO, 4) PO and 5) One of SMT Members Required Approval
5. Single Source Procurement It is not encouraged to use this procurement procedure since it is not a competitive and transparent process. However, this procedure can be used where circumstance faces as mentioned in Article 4.10 and required to have a reasonable justification and approval by PC.	5. Single Source Procurement This It is not encouraged to use this procurement procedure since it is not a competitive and transparent process. However, this procedure can be used where circumstance faces and required to have a reasonable justification and approval by PC.	Required PC: 1) Concerned staff, 2) Direct line manager, 3) FO, 4) PO and 5) One of SMT Members Required Approval

Exemption to some of the procurement role

- Exemption from rule of minimum 3 tenders
 - Emergency situation
 - In situation where it is impossible to find 3 supplier
- Exemption for the rule of Good business practice
 - Restriction of the rule of good business practice
 - Another reason for not having to accept the lowest tender can be if the provider has broken commercial costume or rule.

Donor Agreement and Regulation Legal Supplier

Presented by: : Mr. Meas Kheang

1. Donor Agreement

Are there any condition in agreement?

- Which procurement policy shall apply (donor or own organization). In generally, the organization may apply own procurement policy if it meets the minimum standard of donor's procurement and no requirement.
- Require prior review and approval by the donor or not
- Limit the brand name, country, cost...

2. Regulation Legal Supplier

To ensure full compliance with all taxation requirements to avoid being penalized, we should be clear with supplier on tax payment:

- For supplier (register for Value Added Tax-VAT). VAT 10% is collected by supplier from customers on supplying of goods or services.

2. Regulation Legal Supplier (cont')

- For supplier (resident individual), the withholding tax shall be withheld as rate below:
 - Rental 10%
 - Service 15%
- For supplier (non-resident individual), the withholding tax shall be withheld 14%.

► Procurement Process

► Presented by: : Ms. Leang Seila

Country Accountant
Plan International

► Why Use a Formal Procurement Process?

Procurement -Highlights

Principles

- Segregation of duty
- Transparency
- Best quality and price
- Splitting of purchases not allowed

2/6/2018

4

Procurement Process

1. Procurement plan and Budgeting
2. Procurement request
 - Requisition
 - Request for Quotation
3. Form committee,
4. Identify Specification
5. Quote, bidding,
6. Selection quote and recommendation,
7. Final approval.

2/6/2018

1. Procurement plan and Budgeting

- ▶ Only program staff they must add the budget on their activities plan

This task should respond by admin unit or procurement staff. That state as below:

- ▶ It is advisable that the administration unit make a Procurement Plan at the beginning of the project. This Plan lists all the procurement expected to be undertaken in the project. It should list the type of item, specifications or description, quantity, estimated date of purchase and approximate budget.

2/6/2018

2. Procurement request

- ▶ Complete a requisition form
- ▶ **Requestor:** Two options in submitting the requisition form: Requestor can use either; (1) a pre-numbered form for completion and submission in hard copy or (2) form in soft copy with an attached e-mail to immediate supervisor for approval. When supervisor send approval to requestor he/she should also address to Admin with attachment of complete form.

2. Procurement request (Cont')

- ▶ Immediate supervisor needs to make sure availability of the budget prior approval
- ▶ The administration department
 - needs to sign "received" on the requisition form and verify with the accounting department on budget availability (the approved budget, Project Outline and correct account code) before proceeding with purchasing

3. Form committee

- ▶ **Procurement Committee**
 - 6 members with clearly defined TOR
 - Annual appointment/rotation
 - 3 of the 6 must present the whole purchase process
 - Technical competency should be ensured

4. Identify Specification

- ▶ **Supplier Selection**
 - General & Specific criteria documented in advance (goods specification, payment terms, delivery schedule etc.)
 - Std pmt term of 30 days after goods receipt but allows flexibility
 - Anti-terrorism vetting

5. Quote, Bidding

- ▶ **Request for Quotation**
- ▶ Apply base on organization policy.
- ▶ needs, with the approved requisition form, get price quotations.

5. Quote, Bidding (cont')

- ▶ **Example:**
 - One quotation for expenditure <200\$
 - Multi-quotation for expenditure >200\$ with CD/CMT member/higher level to approve exception (criteria set though)
 - Public tender & purchasing committee for expenditure>10,000\$
 - Quotation valid for 6 months
 - Follow lower clip level if required by local regulation or donor

6. Selection quote and recommendation

- ▶ prepare and have a canvass sheet approved
- ▶ complete a purchase order and forward the relevant supporting document when goods have been received/services completed to the accounting department for processing payments

Example: Purchase of >200 \$requires PO

- PO substitutes (contract, letter, of engagement accepted proposal) accepted
- Pre-numbered with specific details listed

7. Final approval

▶ Goods/Service Delivery/Receipt

- Receiving report
- Delivery note
- Progress report
- Sales invoice with acknowledgement of receipt

▶ Invoice for Payment

Payments may be made for goods and services using the following means:

- ▶ **Cheque**
- ▶ **Bank transfer**
- ▶ **Online banking**

2/6/2018

14

សំណួរពិភាក្សាក្រុម

•សូមលោក លោកស្រីជួយចែករំលែក
នូវបទបទពិសោធន៍អំពីដំណើរការធ្វើ
លទ្ធកម្មតាមស្ថាប័ននីមួយៗ

•តើអ្នកជួបប្រទះបញ្ហាប្រឈមអ្វីខ្លះ
នៅក្នុងដំណើរការធ្វើលទ្ធកម្មនោះ?

Thank You!

Q&A

Annexes:

- **The Two Minutes of Learning Forum**
- **The Two Detailed Agendas of Learning Form**
- **Evaluation Form**



MINUTE OF

THE 20TH FINANCE LEARNING FORUM ON

“INTERNAL CONTROL AND FINANCIAL RISK MANAGEMENT & ANALYSIS”

18 August 2017, Diakonia Center/KSSA Building



Prepared By: Ms. Keo Mara, Learning Specialist

Supported By: Mr. Lim Sokly, Network Specialist

I. Introduction

As the longest established membership organization in Cambodia, the Cooperation Committee for Cambodia (CCC) has played a unique role since 1990 in strengthening the cooperation, professionalism, accountability, governance, and development effectiveness of the Civil Society Organizations (CSOs) that are working across diverse sectors in Cambodia.

To keep responding to the needs of the NGO community; CCC has organized the 20th Finance Learning Forum by focusing the **“Internal Control and Financial Risk Management and Analysis”**. This forum has conducted full-day on **18th August 2017 from 8:00am – 5:00pm** at Diakonia Center/KSSA Building.

II. Objective

- To help practitioner participants strengthen their skill on how to make internal control strong
- To help practitioner participants’ well understanding how to manage financial risk and analysis
- To create a learning and sharing environment and build a stronger network of finance practitioners among CSOs community.

III. Opening Remarks

The 20th Finance learning forum was opened by Mr. Soeung Saroeun, Executive Director of CCC. He raised and focused on the procurement procedures, internal control and financial risk management and analysis is very important for NGOs, so for effective financial management the relevant staffs must be involve all the process of budget controlling . He added that presently, the government required financial report from all NGOs.

Mr. Saroeun expressed that DFDL is the law firm, they need to know and monitor on tax which NGO complies taxation law or not (ex: which NOG don’t pay salary tax and Fringe benefits?, CCC will prepare a suggestion letter to government to forgive for NGOs who has not paid tax. CCC will monitor to all service of NGOs are not complied with the taxation law as required by government, in this case; LAC (Legal Aid Cambodia NGO) will provide law service with the partially pay or free of charge which focused on the three main tasks: check taxation law related to salary, check financial documentation and other works which not comply with law. So CCC will coordinate with DFDL and LAC for law service coordination, then he suggested to all participants NGOs to contact CCC focal person for any intervention. Related to the financial risk management; he suggested to all NGOs has to see the legal compliance, policy compliance and infrastructure - accounting system as well as level of authorization. In this case, CCC has technical working for coordination and solving any issue.



IV. Summary output of the 20th Finance Learning Forum

There were 119 participants (80 women) including CCC staff attended this forum. *They were from 24 INGOs, 43 LNGOs and 2 private sectors.*

Session 1: Review the previous Finance learning forum on Procurement Management on 21 April 2017

The previous Finance learning forum in April 2017 was reviewed by Mr. Om Nareth, *Finance Specialist of CCC and he also a member of Finance working group.*

He explained briefly on the main topics that focused on:

- i. **General Procurement Management and Internal NGOs Procurement Policy**
- ii. **Donor Agreement and Regulation**
- iii. **Legal Supplier Procurement Process**



I. General Procurement Management and Internal NGOs Procurement Policy

- **What is Procurement Management?** Is the systematic approach used for buying all the goods and services needed for an organization to stay sustainable
- ❖ **General Procurement Management:** It's differing from one NGO to another as following:
 1. Source of funding (eg: SIDA, USAID, Diakonia,EU..)
 2. Nature of activities (eg. Advocacy NGO, NGO support for
 3. Child abuse, NGO support for agriculture...)
 4. Size of NGO (eg. Number of staff, branch, funding)
 5. Organizational structure Location of work (eg. Rural area, urban...)
- ❖ **Internal NGOs Procurement Policy**
 - A). **The minimum of Procurement Policy should be consisting of:**
 1. Ethic and Principle of Procurement
 2. Procurement Planning
 3. Threshold and Procurement Committee
 4. Method of Procurement
 5. Type of Procurement
 6. Prequalification and Expression of Interest
 7. Exemption of Procurement
 8. Contract
 9. Anti-Fraud and Conflict of Interest
 10. Complain Handling

B). Procurement methods:

1. Direct procurement
2. Simplified tendering- this is bigger than direct procurement

3. Selective tendering-required 3 quotations and approved by committee
4. This for purchase goods with high price by announcing publicly through newspaper or website then approved by committee
5. Single source procurement-difficult product or service that hard to seek.

C). Threshold procurement committee:

This requires to form a committee rather than one person avoiding risk happening. The sample of threshold procurement you can found at the CCC website.

D). Exemption to some of the procurement roles: Exemption from rule of minimum 3 tenders:

1. Emergency situation
2. In situation where it is impossible to find
3. Supplier.

II. Donor Agreement and Regulation Legal Supplier

A). Donor Agreement

Are there any condition in agreement?

- Which procurement policy shall apply (donor or own organization). In generally, the organization may apply own procurement policy if it meets the minimum standard of donor's procurement.
- Require prior review and approval by the donor
- Limit the brand name, country, cost...

B). Regulation Legal Supplier

To ensure full compliance with all taxation requirements to avoid being penalized, we should be clear with supplier on tax payment:

- For supplier (register for Value Added Tax-VAT). VAT 10% is collected by supplier from customers on supplying of goods or services.
- For supplier (resident individual), the withholding tax shall be withheld as rate below:
 - Rental 10%
 - Service 15%
- For supplier (non-resident individual), the withholding tax shall be withheld 14%.

III. Procurement Process

❖ Why Use a Formal Procurement Process?

1. Procurement –Highlights

Principles:

1. Segregation of duty
2. Transparency
3. Quality and price
4. Splitting of purchases not allowed

2. Procurement process

1. Procurement plan and Budgeting
2. Procurement request:
 - Requisition
 - Request for Quotation

3. Form committee,
4. Identify Specification
5. Quote, bidding,
6. Selection quote and recommendation,
7. Final approval.

Session 2: Group Discussion and sharing experiences on How to make internal control strong?

The participants were divided into four small groups discussion on the questions bellow:

1. What is Internal Control?
2. Why do we need to do internal control?
3. How do you ensure your effective internal control?
4. What are challenges do you face during internal control?

The results of each group discussion:

1. What is Internal Control?

- It is a part which be used for monitoring the implementation and complete the gap points by following the organizational policies (ex: Financial policy, procurement policy, Delegation of authority and human resource policy...etc.)

2. Why do we need to do internal control?

- To manage financial risk:
 - all expenses have to transparency
 - have enough supporting documents which required by organization and donors
 - manage the cash flow
- Ensure comply with the financial policy by effectively and fit to the requirement of donors
- To ensure that the organization used effective resources, transparency and accountability to archive the organizational goal.
- Know the strong and weak points
- Monitor the implementation of the project staff in using budget
- Help staff to effective and transparency of using financial resource
- To help organization archive the goal was set.
- Strong/clear internal control to avoid any fraud happening better than external audits.
- Building trust with other donors



3. How do you ensure your effective internal control?

- Clear segregation of duties
- Authorization structure
- Petty cash threshold
- Follow rules and regulations(orientation and refresher training)
- Documentations (supporting documentations and filling)
- Assets management
- Auditing(internal and external audit)
- Internal control key performance indicators

- Lesson learnt and discussion
- NGO should have good filing system and standards for any check at any time by donors.
- NGO should have strong accounting system for strong internal control

4. What are challenges do you face during internal control?

- Power relationship
- Segregation of duty
- No proper accounting system
- Lack of policy and guideline
- Not well cooperation(suppliers)
- Lack of experience staff
- Incompletion documents
- Poor cash management
- Lack of close monitoring (budget and expenditure and staff performance)
- Internal control should be seen widely not only assets and budgets but to be checked all requirements whether it complies with or not.
- NGO should do internal control since the start of project no need to do it at the end.
- NGO should check on areas of improvement both finance staff and documents.

Session 3: Presentation on “Internal Control”

The Internal Control was shared by **Mr. Chhoeu Chhardaphea**, Compliance Manager of iDE Cambodia and he also a member of Finance Working Group.

He shared which focused on the key contents:

1. **What are Internal Controls?**
2. **Why Internal Controls are Important?**
3. **What are Management Role & Responsibility?**
4. **What are Types of Internal Controls?**
5. **What are Special Policies?**



1. Internal Controls are the methods and procedures used:

1. To protect assets,
2. to ensure accounting information is correct,
3. To deter and detect fraud and error
4. to ensure operations run efficiently, and
5. To ensure policies set by management are being followed.

2. Why Internal Controls are Important?

- **Strong internal controls are importance:**
 1. handling funds received and expended by the organization
 2. preparing appropriate and timely financial reporting to board members and senior management
 3. conducting the annual audit of the organization’s financial statements
 4. evaluating the performance of the organization
 5. evaluating staff and programs
 6. maintaining inventory records of property
 7. Implementing personnel and conflicts of interest policies.

➤ **Internal Controls are needed because:**

1. Internal controls reduce the temptation to steal because of the likelihood of detection. *(Organization's work involves large sums of donor's funds in its projects and offices. Handling this money can cause temptation to staff).*
2. Strong internal controls help the staff to do the commitments. *(Organization has made a commitment to its mission, vision, donors, partners and the communities where it works to be responsible of the funds given).*
3. Internal controls and systems help the staff and the organization to be more accountable for the funds given. *(While Organization places a high level of trust in its staff, this must be balanced with the need to be accountable).*

3. What are Management Role & Responsibility?

➤ **Management Role and Responsibility:**

1. Management is responsible for establishing a good system of internal controls at projects and its offices.
2. All managers have the responsibility to make sure internal controls are understood and followed by staff.
3. Management should be informed of problems, issues and any suggestions for improvement.

➤ **Manager's Financial Role**

A). Policies and Procedures

A manager should fully understand his financial role and responsibilities within his project, and must have clear understanding of the Organization financial policies and procedures.

B). What should a manager be aware of:

1. Donor's required financial reporting and processes, i.e. financial reporting format, date of submission of reports, audit requirements, etc.
2. Project's plans and budgets
3. Cash needs during the month
4. Level of financial approvals
5. Manual of Organization Financial policies and procedures
6. Financial information in the Monthly Project Financial Report, i.e. monitoring of actual expenditures against the budget

C). Budget

- ❖ It is the responsibility of the Program / Project Managers to monitor actual spending of project expenditures against its budget.
- ❖ The Program/ Project Manager should ensure that the following requirements are met:
 1. Donor's funds are properly spent according to the planned activities
 2. The key project staff understands the budget line items where project payments should be charged.
 3. Sufficient contribution for the project support cost is budgeted, i.e. for finance, admin and management support cost.
 4. The actual expenditures of the project do not exceed donor's approved budget.

Manager's Financial Role

Areas of Responsibilities

Responsibility	Program/ Project Manager	Finance Officer
Financial Management	The Manager is responsible for the overall management of its project, which includes the financial management.	The Finance staff provides technical support and financial information to the Project Manager.
Cash Management	The Manager informs the Finance Officer the total cash needs of the project during the month.	The Finance staff ensures that cash is available at the project level for the implementation of project activities.
Purchasing	The Manager makes the decision on which materials or services should be procured for its project.	The Admin Staff or Procurement Staff ensures that the material and/ or service approved by the Project Manager for procurement gets paid and delivered to the project on a timely manner.
Cash Disbursement	The Manager assumes the responsibility of disbursing project's fund.	The Finance staff is responsible in releasing project's fund after securing approval from the Project Manager
Coding of Project Expenditures	The Manager takes responsibility in approving the project's expenditures to the proper project budget line items, in the Finance Voucher and Purchase Order.	The Finance staff encode the budget line information in the accounting software for the preparation of project financial report
Financial Reporting/ Budget Monitoring	The Manager is responsible in monitoring its actual project' expenditures against its budget.	The Finance staff is responsible in providing Monthly Financial Report to the Project Manager on a timely manner.
Donor's Financial Requirements	The Manager takes responsibility in ensuring that financial procedures and requirements are met by the Organization.	The Finance staff assist the Project Manager in meeting the donor's requirements by providing the financial reports on timely manner.

4. What are Types of Internal Controls?

1. Competent, trustworthy staff with clear lines of authority and responsibility
2. Level of authority
3. Segregation of duties and responsibilities
4. Organization Structure
5. Adequate documents and records
6. Proper procedures for record keeping
7. Physical control over assets and records
8. Independent checks on performance
9. Preparation of financial reports

5. What are Special Policies?

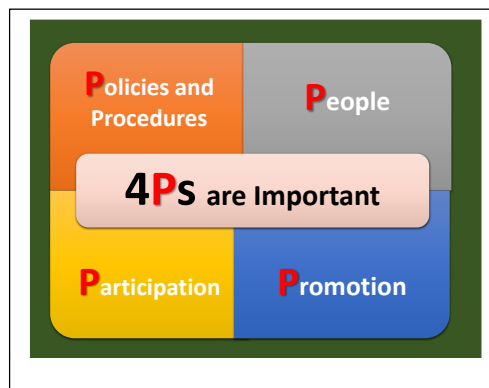
The special Policies focus on:

- ✚ Commission, gift and bribes
- ✚ Fraud and other irregularity
- ✚ Approval of personal expenses
- ✚ Lost or stolen assets
- ✚ Private use of organization's properties

He remarked that inappropriate segregation of duties increase the probability of fraud, carelessness, and unreliable record keeping.

4Ps are important:

1. Policies and Procedures
2. People
3. Participation
4. Promotion



Internal Controls checklist summary

The following checklist can be used to identify internal controls that are either currently used or required within your organization:

1. Well documented policies
2. Segregation of duties
3. Approvals, Authorizations, Verifications
4. Reconciliations
5. Supervision/ Performance Reviews
6. Security of Assets
7. General information systems controls
8. Internal and external audits

Please see additional information in the annex of Internal Controls checklist summary within the Mango Website.

Session 4: Group Discussion and sharing experiences on “Financial Risk Management and Analysis”

The results of group discussion which focused on the three questions below:

1. What are the risks which negative impacted in financial management within NGO?

The risks were identified by participants are:

- Source of funding and budgeting
- Exchange rate
- Low strategy monument(ED and MT)
- Activities and budgeting (not follow budget line)
- Financial Monitoring (Reporting)
- Not apply Cambodia Law
- Grant Management
- Internal control
- Human Resource Management

2. How to analyze the risks?

- Identify all factors which will be risk and classify the risk
- Develop tool to measure risk and rating risk (ex: Mango Health Checklist)
- Risk mitigation(Action/time line)
- Monitoring risk
- Classify score in evaluation risk (low, medium, high)

- Present the results of the evaluation risk to management team for decision making

3. What are the strategies to manage those risks?

- Strengthen internal management and human resource
- Clear financial plan and policy
- Regular auditing(ex: cash management; staff do not clear budget plan then make over budget expense)
- Select budget line which can extent and Re-allocate or revise the budget line
- Share the budget information to staff
- Discuss with the program team how to deal with the over budget for request pre-approval
- After approval need to share to program staff to make sure it is not over
- Develop policy and Develop financial management system
- Strengthen staff capacity and understanding
- Form risk committee

Session 5: The presentation on “Financial Risk Management and Analysis”

The Financial Risk Management and Analysis was shared by Mr. Ok Libounna, Freelance Consultant and Finance Working Group member. He presented by focused on the key contents below:

1. **Overview Risks**
2. **Risk and Uncertainty**
3. **Nature and Types of Risks**
4. **Who does Risk Management?**
5. **How does is Benefits?**
6. **How to manage the Financial Risk?**
7. **What are Risks Management processes?**
8. **Strategic Financial Management**
9. **How can Measurement of Risk**



Please find more detail of slide presentation through CCC website

Session 6: The Selection Topic for next learning forum

The key topics which selected by participants as below:

- Taxation and Law
- Grant management
- Complaint Management
- Partner Financial review
- Assets management and control
- Labor law, staff benefits
- Risk Analysis and Strategic financial Planning
- Strategic Financial Management

Session 7: Evaluation Results of the Learning Forum

Based on the evaluation sheet showed the overall results of the learning forum as detail below:

Topics	Very Unsatisfied (%)	Unsatisfied(%)	Normal (%)	satisfied (%)	Very satisfied (%)
Venue			3.03	81.82	15.15
Logistics providing			1.52	74.24	24.24
Understanding the key contents			9.09	75.76	15.15
Explanation of speakers			12.12	68.18	19.70
Sharing Experience of speakers			10.61	68.18	21.21
Duration		9.09	10.61	68.18	12.12

1. *The key points that the participants have captured well from the learning forum are:*

- How to manage risk and Analysis
- Internal Control and Type of internal control
- Effective risk management
- Why internal control is important?
- Special policies
- Supporting document
- Area to improve
- Strong internal control
- Procurement management (Quote and bidding, Form Committee.....etc)
- Strategy to manage risk
- Strong internal control
- Group discussion and sharing

2. *The key points will be applied to improve their own skills as well as their organization's performance:*

- Risk management and Internal control
- Management role and responsibilities
- Type of internal control
- Elements of financial risk assessment
- Strategic finance management and planning
- Staffing, Competent and trustworthy staff
- Basic accounting system
- Mango health check
- Taxation
- Budget plan
- Risk analysis; build stronger network, donor agreement
- 4 Ps

3. *The key points that the participants will share with others:*

- Internal control and Risk management
- Type of internal control and Internal control checklist
- Management role and responsibilities, Level of authorization
- Identify risk management and Risk analysis

- Financial assessment tools
- 4 Ps
- Level of authorization
- Procurement process
- Special policies

4. ***The key commented by participants to improve for the next learning forum:***

- Should have more time than this and Respect Time
- Speakers should have enough time for answer the questions
- Should have more group activities and share from the small groups
- Thank you for good topic
- Speakers should explain slow down
- Should show all slides presentations
- Lack of materials
- Too much contents and less time
- CCC could share the highlight important points related to report requirement from NGO law that needed to report by NGOs
- Happy that attended this forum and learnt a lot of the sessions and from facilitator and speakers
- Should have more games for awake participants after lunch and coffee break
- Very satisfied this forum
- Should have certificate for participants
- Should explain by link it to the real practical
- Overall of forum is well but less time for speakers
- Should invite management level too

Conclusion

In generally, the forum went well and the speaker and working group members have strong collaboration and support each other to ensure the quality of the learning forum. Based on the result of evaluation showed that most of participants 85 to 99 percent appreciated and satisfied with the Finance learning forum related to the venue, logistics providing, key contents and sharing experiences of speakers. The participants have learnt a lot from the speakers as well as they captured of the key points and contents, and they also learnt from the small group discussion and the questions from the other participants. Moreover, the participants have committed to share what they have gained from this forum to their colleagues and apply to improve their skill and daily performance.

Closing Remarks

At the closing, Mr. Khorn Bunthong expressed that the topic for learning forum today is very important for all participants and organization will be strong financial management system; if the Internal Control Strong. He added that the 4Ps is good, if the manager has clear system and policy including clear job description and spot check system; so we can recruit a good and honest staff; such as some donors required to check staff profiles and skills. He added that the manager must be understand the policy such as Mango System (Financial Health Check), Taxation Law...etc. Especially, the manger must be orient the relevant policies to all staff as well as encourage them to apply the policy. He added that related to Taxation, CCC has formed the Taxation Working Group members with some action points which take into account in order to help members of CCC related to the taxation issues.

Finally, he thanks to all working group members that provide oversight support to ensure the quality of the learning forum and thank to all participants who spent their value time to attend the forum until the end, he also thanks to all speakers who shared their knowledge and experiences in the learning forum, and the last one is CCC staff who organized the learning forum. It is really important session; it can help the Finance practitioners to apply and improve their skill and knowledge. He also wished that participants will further share to others on what they have learnt today and wished all have good luck, good health and safe trip all the time when thy back home.

Annexes: Documentations


Concept Note
Finance Learning Fort

 
Final List of Finance Review Session_ for Mr. Daphea_Internal
learning forum 18 .8..Finance Learning foru.

 
Financial Risk
Control-17-07-17.pdf Management & Analy


Small Group
Discussion _ Bong Buc





MINUTE OF THE 19TH FIANANCE LEARNING FORUM ON “PROCUREMENT MANAGEMANT”

21 April 2017, Diakonia Center/KSSA Building



*Prepared By: Ms. Keo Mara, Learning Specialist
Supported By: Mr. Lim Sokly, Network Specialist
Miss. Toy Monireth, Membership Development Specialist*

V. Introduction

As the longest established membership organization in Cambodia, the Cooperation Committee for Cambodia (CCC) has played a unique role since 1990 in strengthening the cooperation, professionalism, accountability, governance, and development effectiveness of the Civil Society Organizations (CSOs) that are working across diverse sectors in Cambodia.

To keep responding to the needs of the NGO community; CCC has organized the 19th Finance Learning Forum by focused on the main topic on **“Procurement Management”**. This forum was conducted full-day on **21 April 2017 from 8:00am – 5:00pm** at Diakonia Center/KSSA Building.

There were 95 (58women) participants including the working members and CCC staff attended. They were from 48 NGOs and three consultant teams.

VI. Objective

1. To improve the procurement management of participants
2. To provoke the practitioner participants’ well preparation in complying to the procurement policy and relevance law in Cambodia.
3. To create the learning and sharing space and build a stronger network of finance practitioners among CSOs community.

VII. Opening Remarks

The 19th Finance Learning Forum was opened remark by Mr. Khorn Bunthong, Head Of Operation of CCC.

Firstly, he mentioned that this finance learning forum has organized successfully by supporting from finance working group members. He emphasized that procurement and finance could be placed in different unit, finance unit has role to verify the procurement process. The procurement always faced a lot of issues/risks related to conflict of interest. Those risks could be come up with the development of concept note, TOR, and announcement. Moreover within the procurement process there was mainly considered of goods, services which are related to consultant and the construction work , all procurement needs to be accountable for donors’ requirement to ensure the transparency and accountability.

in additional, he announced about the taxation working group which had been formed by CCC for working on taxation and updating information for the situation of NGO sector. Another announcement was about the taxation director general of the government would conduct audit with NGO sector as soon as they can, so each NGO has to prepare itself for the tax audition.

Finally, He expressed his profound thanks for CCC donors, finance working group members and participants for their commitment to attend this important learning forum.

VIII. Summary output of the 19th Finance Learning Forum

Session 1: Review the last Finance learning forum in 2016

The last Finance Learning forum in 2016 was reviewed by Mr. Om Nareth, Finance Specialist, CCC.

He explained briefly on the main points of “Anti-corruption” focused on “Fraud management” which we have learnt in previous topic of the last learning forum in 2016. Within this session, he synthesized that in order to protect the Corruption or Fraud in the organization there are three vital actors need to involve such as finance and HR unit and organization management team. The key points below were reviewed:

1. Definition of corruption
2. Definition of fraud
3. Why people commit fraud?
4. What factors permitting fraud?
5. Common forms of fraud
6. How fraud can be prevented?
7. Delegate authority
8. How fraud can be detected?
9. Whistleblowing
10. Investigation Action and Action Against Fraud, and Appeals Against Dismissal.

To learn more on these topics he suggested to participants access the detail information in the attached files on CCC website.

Session 2: General Procurement Management and Internal NGOs Procurement Policy

Mr. Try Sokha, Business and Financial Management, Consulting Manager, PCG & Partners Co., Ltd.

In this session he has shared on “General Procurement Management and Internal NGOs Procurement” as below:

A). General Procurement Management

- **What is Procurement Management?** *Is the systematic approach used for buying all the goods and services needed for an organization to stay sustainable*
- **General Procurement Management:** *It's differing from one NGO to another as following:*
 1. **Source of funding**
 2. **Nature of activities**
 3. **Size of NGO**
 4. **Organizational structure- staff who does quotation is different from another staff who purchase**
 5. **Location of work.**

B). Internal NGO procurement policy

The minimum of Procurement Policy should be consisting of

1. *Ethic and Principle of Procurement*
2. *Procurement Planning*
3. *Threshold and Procurement Committee*



4. *Method of Procurement*
5. *Type of Procurement*
6. *Prequalification and Expression of Interest*
7. *Exemption of Procurement*
8. *Contract*
9. *Anti-Fraud and Conflict of Interest*
10. *Complain Handling*

Procurement methods:

1. *Direct procurement*
2. *Simplified tendering- this is bigger than direct procurement*
3. *Selective tendering-required 3 quotations and approved by committee*
4. *This for purchase goods with high price by announcing publicly through newspaper or website then approved by committee*
5. *Single source procurement-difficult product or service that hard to seek.*

Threshold procurement committee

This requires to form a committee rather than one person avoiding risk happening. The sample of threshold procurement was shown in the slide.

Exemption to some of the procurement roles.

- ***Exemption from rule of minimum 3 tenders***
 - o *Emergency situation*
 - o *In situation where it is impossible to find 3 supplier*
- ***Exemption for the rule of Good business practice***
 - o *Restriction of the rule of good business practice*
 - o *Another reason for not having to accept the lowest tender can be if the provider has broken commercial costume or rule.*

Plenary Questions and clarification between participants and speaker:

- Q. What do we do; if the quotation staff does not agree with the committee of procurement decision making?
 - We have to respect procurement committee. The quoting staff should explain the detail information from their quotation.
- Q. What do we have any method to do contract with supplier?
 - We can do contract with the supplier unless having the three quotes, in some cases, where there is not many suppliers we can make contract with single supply for one year period.
- Q. Fixed price, is there any risk for NGO?
 - Yes, it can have risk both sides, however it benefits to NGO rather than supplier.
- Q. What is different between the term of purchaser and procurement? Who are the procurement committee?
 - These two terms is different but the same meaning and activity.
 - Fixed asset- NGO does not apply much if having good bought they register/record as used asset is not recorded as depreciation, in general it depends on each NGO.
 - The procurement composition can be from Finance team, manager and procurement staff. In addition, the committee is freely independent from someone's power.

- *Please see the detail information in the attached file on CCC website.*

Session 3: Donor Agreement and Regulation Legal Supplier (VAT and Withholding Tax)

- *Mr. Meas Kheang, Operation Director of CCIM/VOD*
- *Mr. Ok Lybounna, Freelance Consultant*

The “Donor Agreement and Regulation Legal Supplier (VAT and Withholding Tax) was shared by Mr. Meas Kheang and supported by Mr. Ok Lybounna.

The topic was explained in detail as following points:

1. Donor agreement:

This session focused on the procurement, the purpose of procurement mainly stick on 3Es- Effectiveness, Efficiency and Economic.

Donor agreement always asks NGOs are there any conditions in agreement? Which procurement policy shall apply. In general NGOs may apply own procurement policy, if it meets the minimum standard of donors ‘procurement or agreed by donors.

In procurement process, donor requires NGOs to apply based on the donor approval in prior.

Some donors limit the brand name of products, country products which is in the list of terrorist or communist, and cost- price is in the rate of limited price. The important point of procurement is on the **procedures**, it is not on the **price**.

Additionally, it’s very important for the grantees that have to stick on the grantors’ requirements and comply with. Notice, NGOs should group item as one produce so that we are easy to prepare quotation. Please keep in mind everything related to the procurement has to write down on paper as evidence for the approval. Those evidences can be email, or other related documents.

2. Regulation Legal Supplier

This point is related to the VAT and withholding tax. Remember in mind, procurement staff has to make sure the suppliers have full compliance with taxation requirements.

We have to make sure that the suppliers already registered for VAT, 10% with tax department.

For the suppliers are resident individual, the withholding tax shall be withheld as rate below:

- **Rental 10% and service 15%.**

Withholding tax is applied when the NGO or suppliers have not already registered VAT. For the entity that uses service from other persons that NGO/entity has to withhold the price from the consultant or person that provides service for its NGO.

For the intermediate entity which had already offered by tax department, it has right to withhold VAT from customers for the tax department.

In conclusion, each NGO should have more policies if possible that could use to implement in line with the requirement of donors, in particular finance unit has to be clear on relevant information of the procurement and other related policies.



Please see the detail information in the attached file on CCC website.

Session 4: Small Group Discussion and sharing experiences on “Procurement Process and challenges”

The small group discussion and sharing practical on procurement process was facilitated by:

- **Ms. Leang Seila**, Country Accountant of Plan International Cambodia and
- **Ms. Bun Monyrod**, Admin & Finance Manager of HACC

To ensure that all the finance practitioners are clearly understood on the procurement process and what are the challenges they met? The participants were divided into four small groups to share their experience and challenges with the real example.

The results of the small group discussion showed as below:

Group 1.

a. Procurement plan:

- Prepare and create the bidding committee:
 - Specification
 - Selection criteria by the committee
 - Selection method
- Announcement for bidding
 - By online
- Submit bidding application (clear deadline for submitting the bidding)
- Evaluation by the committee
- Award contract to supplier
- Sign contract with supplier



b. Challenges:

- High requirement
- Lack of bidding participation from supplier
- Lack of offering information
- Bidding price higher than the defined budget
- suppliers do not comply with the contract
- Action canceled and repeated

Group II:

Process of Procurement

- Purchase request → Approval
- Find quote/bidding (base on policy)
- Summary quote → Selection → Contract
- Purchase order
- Delivery → Payment



b. Challenges

- Harding to ask for quotation from supplier
- Difficult to find the same specification
- Validate on quotation (price change)
- Donor requirement
- Budget limitation
- Demanding payment by cheque

Group III:

a. Procurement process

- Purchase request (computer, supporting document)
 - Email or information
 - Specification clear (year of produce, budget..etc)
 - Approve by line management/technical staff
- Set up committee for purchase request (Peer staff → Approval)
- Quotation Process
 - Three written quotations + declaration
 - Open quotes with committee → sign & selection
- Comparison analyze → sign (Approval + Committee)
- Purchase order + contract
- Goods received noted (Procurement Officer + Requester)
- Payment

b. Challenges

- Hard to negotiation for quotation supplier
- Long process from supplier
- Not welcome from supplier (their quotation always unsuccessful)
- Request immediate payment by cash
- Not trust to complete the form
- Limitation of supplier at some location to find three quotation
- Lesson learn about not enough or company requirement from organization such as VAT in the quotation

Group IV:

a. Procurement process

- Purchase request from staff
- Send requests to the financial department for checking the budget
- Send the request and budget line to decision maker
- Send to the administration to achieve the principles of procurement
- Summary Quote
- Commission announces quotation evaluations
- Purchase order
- Goods received + delivery note by Administrator
- Payment by the finance department

b. Challenges

- Spending long time for procurement process
- Difficult choices at the same price and quality
- Take long time to get quote
- Keep changing price from the supplier
- Don't have the receipt from the supplier

Ms. Leang Seila made concluded from the small group results shown that the participants are well done already, and then she encouraged them further comply the formal procurement process for better performance. Why?, she shown the reason that because:

- It is save time
- Save money, to avoid the wrong budget line and policy
- Reduce risk, avoid the corruption

Session 5: Procurement Process

Ms. Leang Seila shared her experiences with emphasized the key point of the “Why Use a Formal Procurement Process?” as below:

► Procurement -Highlights

- Segregation of the duty
- Transparency
- Quality and price
- Splitting of purchases not allowed

► Procurement process must have the key points as below:

1. Procurement plan and Budgeting
2. Procurement request
 - a. Requisition
 - b. Request for Quotation
3. Form committee,
4. Identify Specification



5. **Quote, bidding** (Request for Quotation)
6. **Selection quote and recommendation,**
7. **Final approval(Goods/Service Delivery/Receipt)**

Please see the detail information in the attached file on CCC website.

Questions and Answers:

1. **Does the committee set-up first or the purchase order first?**
 - It is depend on some organizations they already have the committee so they don't need to set up the committee again, but if other organization doesn't have the committee need to set up first.
2. **What is the one single quotation?**
 - No need to write the canvas sheet for one single quotation. But if the committee need to change the suppliers, procurement officer needs to ask the committee to explain why they choose the supplier with high price and procurement officer needs to explain to the committee to what that S/He experiences with suppliers

Session 6: Discussion to select new topic for the next learning forum

The key topics which selected by participants are below:

1. *Continue session on Procurement process (risk management and analysis, challenges and solution)*
2. **VAT and Withholding Tax (non-profit, what is resident & non - resident,**
3. **NGO Law**
4. *How to write Policy and procedure? and how to control them*
5. **Corruption Management**
6. **Financial Management and internal Control (chart of account, reporting format, accounting system, cash management, budgeting,**
7. *Grant Management (Leadership, Management and Problem solving)*
8. *Social Business Management (financial system, Law compliance and start up process)*
9. *M&E(budget management and monitoring)*
10. **Auditing, TOR,**

Session 7: Evaluation Results of the Learning Forum

Based on the evaluation sheet showed the result overall of the learning forum as detail below:

Topics	Very Unsatisfied (%)	Unsatisfied(%)	Normal (%)	satisfied (%)	Very satisfied (%)
Venue			1.85%	61.11%	37.04%
Logistics providing	1.85%		22.22%	61.11%	14.82%
Understanding the key contents			24.07%	59.26%	16.67%
Explanation of speakers			27.78%	62.96%	9.26%
Sharing Experience of speakers			25.93%	57.40%	16.67%
Duration		1.85%	46.30%	50.00%	1.85%

- ▶ **The key points that the participants have captured well from the learning forum are:**
 - *Procurement Process and how does important*
 - *Procurement Plan and Bidding, Quotation and Bidding, General Procurement Policy and internal procurement policy, Regulation legal suppliers(VAT & withholding tax)*
 - *Value of procurement process*
 - *Planning and Time Management*
 - *Donor Agreement and grant management*
 - *Procurement Method and Procurement policy*
 - *Why we need to use procurement process?*
 - *How does important of donor agreement?*
 - *Experiences of each group sharing*
 - *Quotation process*
 - *Anti-Corruption, Fraud and Definition of fraud*

- ▶ **The key points will be applied to improve their own skills as well as their organization's performance:**
 - *Quotation and Bidding*
 - *Selection quote, recommendations and Final Approval*
 - *Procurement Process and policy*
 - *Regulation legal suppliers(value of VAT & withholding tax)*
 - *Procurement Plan, request and budgeting*
 - *Form procurement committee*
 - *Donor agreement*
 - *Anti-corruption*
 - *Request and purchase order*
 - *Supporting document for procurement process*
 - *Internal procurement policy*
 - *Method of procurement management*

- ▶ **The key points that the participants will share with others:**
 - *Effective use budgeting*
 - *Procurement Process and Supporting document*
 - *Donor agreement and taxation*
 - *Procurement Plan, request and budgeting*
 - *Regulation legal suppliers(value of VAT & withholding tax)*
 - *Anti-Corruption and Fraud management*
 - *Procurement policy*
 - *Tax payment*
 - *Quotation Process*
 - *How to form committee*
 - *Value of procurement process*

- ▶ **The key commented by participants to improve for the next learning forum:**
 - *Share documentation during event*
 - *Speakers should response as a skillful*
 - *Time management*
 - *Should has at least one NGO who have good practice to share their practical/share best practices and lesson leant*
 - *Speakers should have long time more than this*
 - *The learning should have at least two days and more than one topic*
 - *Time should longer than this*
 - *Should have speaker from government with related topic (taxation.....etc)*
 - *Should have more supporting document from other donors (USAID, EU, AUSAID...etc.)*
 - *How to process financial standard*

- *Generally, the learning forum is good and well done with the interested topic and friendly facilitator and speakers.*

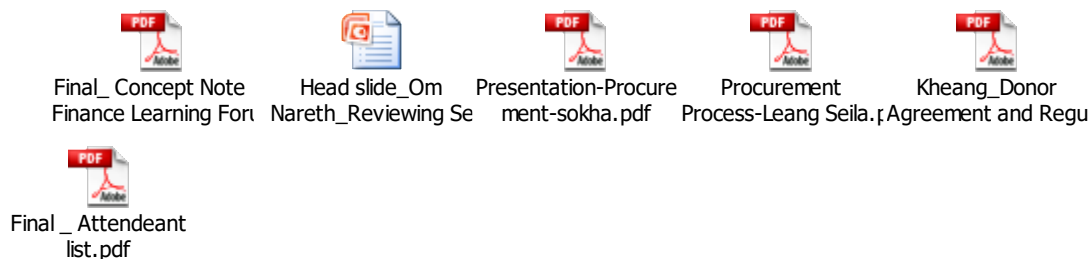
Session 8: Conclusion

In general, the participants appreciated and satisfied with the this learning forum related to the venue, logistics providing, key contents and sharing of each speakers etc as the results shown within the evaluation table and listed points as above. The participants have learnt a lot from the speakers as they well captured of the key contents as listed down above, and they also learnt from each group discussion and presentations. Moreover, the participants have committed to share their colleagues and apply what they learnt to improve their skill and daily performance. And they knew each other for their communication and networking in the future work. By the way, to further improve their skill and knowledge, they raised some key topics to speakers for the next learning as listed above.

Closing Remarks

The ended of the 19th finance Learning Forum, Mr. Typo thanks giving to the participants who spent their value time to attend the forum until the end, he also thanks giving to all speakers who shared their knowledge and experiences in the learning forum, and the last one is CCC staff who organized the learning forum. Moreover, he added that the learning forum this day is really important session; it can help the finance practitioners to apply and improve their skill and knowledge. He also wished that participants will further share to others on what they have learnt today. Finally, he wished all have good luck, good health and safe trip all the time when thy back home.

Annexes: Documentations



Concept Note of The 20th Finance Learning Forum

On *“Internal Control and Financial Risk management & Analysis”*

18th August 2017, 8:am – 5:00pm, at
Diakonia Center (ICF/KSSA Building) #19-21, Street 330, Boeung Keng Kang III, Chamkamorn, Phnom
Penh

I. Introduction

As the longest established membership organization in Cambodia, the Cooperation Committee for Cambodia (CCC) has played a unique role since 1990 in strengthening the cooperation, professionalism, accountability, governance, and development effectiveness of the Civil Society Organizations (CSOs) that are working across diverse sectors in Cambodia.

Phase 3 of CCC’s Governance Hub Program (GHP) for the five year period 2017-2021, the goal of CCC is for a “strong and capable civil society, cooperating and responsive to Cambodia’s development challenges”. The GHP’s goals are 1) enhanced effectiveness and impact of civil society organizations (CSOs), and 2) improved enabling environment for CSOs. Responding to its goals CCC offers a range of capacity development and learning opportunities for NGO staff to influence their thinking and practices and to deliver high quality services appropriately respond to the true needs of those CSO.

One of seven program strategies is the **Learning and Capacity Development** for CCC members and other interested CSOs. Among this program the learning forum on Human Resource Management (HRM), Monitoring and Evaluation (M & E), Information Communication Technology (ICT) and Finance Management forum is very importance to build the capacity of its members for better performance of their service delivery. To ensure the quality of the learning forum CCC has formed the Working Groups to provide inputs and advice for NGO learning community in Cambodia. The Working Group will play role as an oversight committee to provide strategic and technical support to NGO community to promote and improve their Human Resource Management, Monitoring and Evaluation, Information Communication Technology and financial management system within their organizations for effectiveness and efficiency development in NGO sector of Cambodia.

To keep responding to the needs of the NGO community; CCC had conducted the 19th Finance Learning Forum on 21 April 2017 with the main topic is **“Procurement Management”**. In the other hand, to be more strengthen the capacity on NGO governance in Cambodia, the Finance Working Group decided to select the main topic which raised by NGO participants during learning forum is **“Internal Control and Financial Risk Management and Analysis” for the 20th Finance Learning Forum in 2017.**

The 20th of Finance Learning Forum is designed for Finance practitioners who come from members and non-members organizations of CCC. This event will be full-day conducted on 18th August 2017 at Diakonia center(ICF/KSSA) Building with specific objectives, expected outputs, and agenda as below:

II. The date and venue of Finance Learning Forum

The learning forum will be conducted on **18th August 2017 from 8:00am – 5:00pm**, at Diakonia Center (ICF/KSSA Building) #19-21, Street 330, Boeung Keng Kang III, Chamkamorn, Phnom Penh

III. Objectives of the Finance Learning Forum

- To help practitioner participants strengthen their skill on how to make internal control be strong
- To help practitioner participants' well understanding how to manage financial risk and analysis
- To create a learning and sharing environment and build a stronger network of finance practitioners among CSOs community.

IV. Expected outputs

- Practitioner participants will be aware more how to make internal control be strong
- Practitioner participants will have better understanding how to manage financial risk and analysis
- Practitioner participants will have more chance to learn, share, and build up more relationship among people who have same interest from similar fields.

V. Target Participants

This finance learning forum is offered to a maximum of 80-100 participants from CCC members and non-member organizations who are finance practitioners and professionals. Each participant should be assigned by the senior management and middle level of their organization and committed to apply what has been learned from the forum to their organization. Participants from non-CCC member are welcomed but are subjected to pay attendance fee as stated in the CCC Policy on Business Capacity Development Services as a contribution to support the forum's logistic arrangement.

VI. Detailed Agenda

Time	Key Contents	Resource persons
07:30-08:00	Registration	<ul style="list-style-type: none"> • Ms. Keo Mara Learning Specialist, CCC
08:00-08:10	Welcome and Introduction of the forum objectives	
08:10-08:25	Opening remarks	<ul style="list-style-type: none"> • Mr. Soeung Saroeun Executive Director, CCC
08:25-08:50	Session1: Review the learning points from the last Finance learning forum	<ul style="list-style-type: none"> • Mr. Om Nareth Finance Specialist, CCC
08:50-9:45	Session 2: Group sharing <ul style="list-style-type: none"> - How to make internal control strong? - Challenges - Group Sharing 	<ul style="list-style-type: none"> • Mr. Chhoeu Chhardaphea Compliance Manager, iDE Cambodia • All participants
9:45:-10:00	Coffee Break	All
10:00-12:00	Session 3: Presentation on: <ul style="list-style-type: none"> - Internal Control - Internal Control Checklist (sample) - Plenary sharing 	<ul style="list-style-type: none"> • Mr. Chhoeu Chhardaphea Compliance Manager, iDE Cambodia • All participants

	Q&A	
12:00-01:30	Lunch Break	All
01:30-02:35	Energize game	<ul style="list-style-type: none"> • All participants
01:30-02:35	Session 4 : Group discussion and sharing <ul style="list-style-type: none"> - <i>Financial Risk management</i> - <i>How to analyst risk?</i> - <i>How to manage the risk?</i> - Group Sharing 	<ul style="list-style-type: none"> • Mr. Ok Libounna Freelance Consultant • All participants
2:30-3:45	Session 6 : Presentation on “Financial Risk management and Analysis” <ul style="list-style-type: none"> - Plenary sharing 	<ul style="list-style-type: none"> • Mr. Ok Libounna Freelance Consultant • All participants
3:45-4:00	Coffee Break	All
4:00-4:30	Session 6 : Continue “Financial Risk management and Analysis” <ul style="list-style-type: none"> - Plenary sharing Q&A	<ul style="list-style-type: none"> • Mr. Ok Libounna Freelance Consultant • All participants
4:30-4:45	Session 7 : <ul style="list-style-type: none"> • Discussion on the Next Topics • Forum Evaluation 	<ul style="list-style-type: none"> • Ms. Keo Mara Learning Specialist, CCC
4:45-4:50	Conclusion and Closing	<ul style="list-style-type: none"> • Mr. Khorn Bunthong Head Of Operation, CCC

Note: CCC reserves the rights to change the agenda based on the availability of the speakers and time constraints.

Concept Note of The 19th Finance Learning Forum On Procurement Management

21 April 2017, 8:am – 5:00pm, at
Diakonia Center (ICF/KSSA Building) #19-21, Street 330, Boeung Keng Kang III, Chamkamorn, Phnom
Penh

I. Introduction

As the longest established membership organization in Cambodia, the Cooperation Committee for Cambodia (CCC) has played a unique role since 1990 in strengthening the cooperation, professionalism, accountability, governance, and development effectiveness of the Civil Society Organizations (CSOs) that are working across diverse sectors in Cambodia.

Phase 3 of CCC's Governance Hub Program (GHP) for the five year period 2017-2021, the goal of CCC is for a "strong and capable civil society, cooperating and responsive to Cambodia's development challenges". The GHP's goals are 1) enhanced effectiveness and impact of civil society organizations (CSOs), and 2) improved enabling environment for CSOs. Responding to its goals CCC offers a range of capacity development and learning opportunities for NGO staff to influence their thinking and practices and to deliver high quality services appropriately respond to the true needs of those CSO.

One of seven program strategies is the **Learning and Capacity Development** for CCC members and other interested CSOs. Among this program the learning forum on Human Resource Management (HRM), Monitoring and Evaluation (M & E), Information Communication Technology (ICT) and Finance Management forum is very importance to build the capacity of its members for better performance of their service delivery. To ensure the quality of the learning forum CCC has formed the Working Groups to provide inputs and advice for NGO learning community in Cambodia. The Working Group will play role as an oversight committee to provide strategic and technical support to NGO community to promote and improve their Human Resource Management, Monitoring and Evaluation, Information Communication Technology and financial management system within their organizations for effectiveness and efficiency development in NGO sector of Cambodia.

To keep responding to the needs of the NGO community; CCC had conducted the 18th Finance Learning Forum on 11 August 2016 with the main topic is "Anti-corruption" focus on fraud management. In the other hand, to be more strengthen the capacity on NGO governance in Cambodia, the Finance Working Group decided to select the main topic which raised by NGO participants during learning forum is "**Procurement Management**" for the 19th Finance Learning Forum in 2017.

The 19th Finance Learning Forum is designed for Finance practitioners who come from members and non-members organizations of CCC. This event will be full-day conducted on 21 April 2017 at Diakonia center(ICF/KSSA) Building with specific objectives, expected outputs, and agenda as below:

II. The date and venue of Finance Learning Forum

The learning forum will be conducted on **21 April 2017 from 8:00am – 5:00pm**, at Diakonia Center (ICF/KSSA Building) #19-21, Street 330, Boeung Keng Kang III, Chamkamorn, Phnom Penh

III. Objectives of the Finance Learning Forum

- To help practitioner participants strengthen their procurement management
- To provoke the practitioner participants' well preparation in complying related to the procurement policy and relevance law in Cambodia.
- To create a learning and sharing environment and build a stronger network of finance practitioners among CSOs community.

IV. Expected outputs

- Practitioner participants will be aware more about the effective procurement management.
- Practitioner participants will have better understanding related to donor agreement and other regulation including Legal supplier
- Practitioner participants will deeply understand about the Internal NGOs procurement policy and process
- Practitioner participants will have more chance to learn, share, and build up more relationship among people who have same interest from similar fields.

V. Target Participants

This finance learning forum is offered to a maximum of 80-100 participants from CCC members and non-member organizations who are finance practitioners and professionals. Each participant should be assigned by the senior management of their organization and committed to apply what has been learned from the forum to their organization. Participants from non-CCC member are welcomed but are subjected to pay attendance fee as stated in the CCC Policy on Business Capacity Development Services as a contribution to support the forum's logistic arrangement.

VI. Detailed Agenda

Time	Key Contents	Resource persons
07:30-08:00	Registration	<ul style="list-style-type: none"> • Ms. Keo Mara, Learning Specialist, CCC
08:00-08:10	Welcome and Introduction of the forum objectives	
08:10-08:25	Opening remarks	<ul style="list-style-type: none"> • Mr. Khorn Bunthong, HOP, CCC
08:25-09:00	Session1: Review the learning points from the last Finance learning forum in 2016	<ul style="list-style-type: none"> • Mr. Om Nareth, Finance Specialist, CCC
09:00-9:45	Session 2: <ul style="list-style-type: none"> • General Procurement Management • Internal NGOs procurement policy 	<ul style="list-style-type: none"> • Mr. Try Sokha, Manager, Business and Financial Management, Consulting ; PCG & Partners Co., Ltd
9:45:-10:00	Coffee Break	All

10:00-11:00	Session 3 : <ul style="list-style-type: none"> • Donor agreement 	<ul style="list-style-type: none"> • Mr. Meas Kheang, Operation Director of CCIM/VOD
11:00-12:00	Session 4 : <ul style="list-style-type: none"> • Regulation Legal supplier (VAT and withholding tax) 	<ul style="list-style-type: none"> • Mr. Ok Lybounna, Freelance Consultant
12:00-01:30	Lunch Break	All
01:30-02:30	Session 5 : Presentation <ul style="list-style-type: none"> • on “Procurement Process” 	<ul style="list-style-type: none"> • Ms. Leang Seila, Country Accountant of Plan International Cambodia • Ms. Bun Monyrod, Admin & Finance Manager of HACC
2:30-3:45	Session 6 : Group Discussion on the real practical of participant on: <ul style="list-style-type: none"> • Procurement Process • Sharing of each group • Conclusion of the non-compliance of the Procurement Management 	<ul style="list-style-type: none"> • Ms. Leang Seila, Country Accountant of Plan International Cambodia • Ms. Bun Monyrod, Admin & Finance Manager of HACC
3:45-4:00	Coffee Break	All
4:00-4:15	Session 7 : <ul style="list-style-type: none"> • Discussion by Table on the Next Topics • Forum Evaluation 	Ms. Keo Mara , Learning Specialist, CCC
4:15-4:40	Conclusion and Closing	Mr. Soeung Typo , BCD Manager, CCC

Note: CCC reserves the rights to change the agenda based on the availability of the speakers and time constraints.

ការវាយតម្លៃវេទិការៀនសូត្រ

Learning Forum Evaluation of Finance Learning Forum

1. តើអ្នកយល់យ៉ាងដូចម្តេចចំពោះចំណុចខាងក្រោម? សូមគូសសញ្ញា ✓ នៅក្នុងកំរិតពី១ដល់៥ (ទាបបំផុត ១ រហូតដល់ខ្ពស់បំផុត ៥) How do you think about below point? please ✓ to rate from 1-lowest to 5-highest

អធិប្បាយ	1	2	3	4	5
ទីកន្លែង /Venue					
ការផ្តល់ជូនផ្នែកភស្តុភារ /Logistics providing					
ការយល់លើមេរៀននិងខ្លឹមសារ មាតិកាសំខាន់ៗ/ Understanding the lessons and the key contents					
វិធីសាស្ត្រនៃការពន្យល់របស់វាក្មេង/Explanation of speakers					
ការចែករំលែកបទពិសោធន៍របស់វាក្មេង/Share experience of speakers					
រយៈពេល / Duration					

2. តើចំណុចណាខ្លះដែលអ្នកយល់ច្បាស់ពីវេទិការៀនសូត្រនេះ? What points have you captured well from the learning forum?

3. តើចំណុចអ្វីខ្លះដែលអ្នកនឹងយកទៅប្រើប្រាស់ដើម្បីធ្វើឲ្យប្រសើរឡើងនូវការងាររបស់អ្នកអង្គការរបស់អ្នក? (សូមបង្ហាញចំណុចជាក់លាក់) What points will be applied to improve your own skills as well as your organization's performance? (Please give specific point)

4. តើចំណុចណាខ្លះដែលអ្នកនឹងយកទៅចែករំលែកបន្តទៅអ្នកផ្សេងៗទៀត? What points will you share with others?

5. យោបល់ផ្សេងៗ /Any other comments?

តើចំណុចណាខ្លះដែលគិតថាវេទិការនេះគួរធ្វើការកែលំអ? What aspects of this forum do you think need to be improved?

សូមអរគុណ!

