



**REPORT OF 2nd FOCUS GROUP DISCUSSION
ON REVENUE AUDITING
18 - 20 JULY 2016
PHNOM PENH, CAMBODIA**

1. INTRODUCTION

1.1. The ASEANSAI Knowledge Sharing Committee (KSC) Work Plan 2016 - 2017 was approved during the 3rd ASEANSAI Summit in Cambodia in November 2015. Revenue Audit is one of the projects planned in 2016 and the Project Lead is SAI Malaysia. The selection of the project was based on the needs survey conducted among ASEANSAIs.

1.2. Following the success of the 1st ASEANSAI Focus Group Discussion (FGD) on Revenue Auditing, the 2nd FGD was held in Cambodiana Hotel, Phnom Penh, Cambodia from 18 to 20 July 2016. The FGD was facilitated by Mr. Paul Chai Sin Ngee, Deputy Director of Customs Audit Branch, SAI Malaysia as Project Leader. The 2nd FGD was attended by 19 participants from SAI Cambodia, Indonesia, Lao PDR, Malaysia, Philippines, Thailand and Vietnam. The list of participants (excluding Project Leader) is as follows:

No.	SAI	Name Of Officer	Position
1.	Cambodia	Mr. Heng Karo	Deputy Director
2.		Mr. Khath Veasna	Chief of Audit Office
3.		Ms. Oum Samadet	Director
4.		Ms. Chhoeuy Davy	Deputy Director
5.		Ms. Heng Bothida	Chief of Audit Office
6.	Indonesia	Mr. Iman Santoso	Researcher
7.		Mrs. Oktarika Ayoe Sandha	Researcher
8.	Lao PDR	Mr. Touy Phetsanouban	Deputy Director General
9.		Mr. Vannasao Soumpholphakdy	Head of Division



No.	SAI	Name Of Officer	Position
10.	Malaysia	Mr. Saiful Anuar bin Mohd Jaafar	Deputy Director
11.		Ms. Johaniffa Jamil	Senior Assistant Director
12.	Philippines	Mrs. Maria Theresa S. Yambao	State Auditor V
13.		Mrs. Angelita C. Lomentigar	State Auditor
14.	Thailand	Ms. Sricha Thongthep	Auditor Professional Level
15.		Ms. Anuchana Palawat	Auditor Professional Level
16.		Mr. Padipat Sappachai	Auditor Professional Level
17.	Vietnam	Mr. Dang Van Cong	Deputy Head of Division
18.		Ms. Nguyen Thi Hai Yen	Deputy Head of Division



Participants of the 2nd FGD on Revenue Auditing on 18 - 20 July 2016 in Phnom Penh, Cambodia

2. OPENING CEREMONY ON 18 JULY 2016

2.1. The opening remark of the Chairman of ASEANSAI KSC was delivered by Mr. Paul Chai Sin Ngee, Deputy Director of National Audit Department of Malaysia. On behalf of the Auditor General of Malaysia, he thanked Her Excellency, Madame Som Kim Suor, Auditor General of the National Audit Authority of the Kingdom of Cambodia for her willingness to host the 2nd FGD. As project lead on this research project and on behalf of all delegates, he expressed his deepest gratitude to Her



Excellency, the Auditor General as well as to all her staff and officers of the National Audit Authority of Cambodia for their warmth hospitality. He hoped that all delegates will have a fruitful discussion on the General Guidelines on Revenue Audit before finalizing it in the third meeting. Last but not least, he expressed his gratitude to Her Excellency Madame Som Kim Suor and His Excellency, Mr. Long Atichbora, the Secretary General of the National Audit Authority for taking time out despite their busy schedule to grace the official opening of the 2nd Focus Group Discussion. The opening remark by the Project Lead is attached as **Annex 1**.

2.2. The opening ceremony of the 2nd FGD was officiated by Her Excellency Madame Som Kim Suor, Auditor General of the National Audit Authority of Cambodia and Chairperson of ASEANSAI. She welcomed all participants to Phnom Penh, Cambodia and hoped that all participants will actively exchange views in order to bring up more valuable inputs for developing a complete and effective final project document. She was convinced that this FGD will become an important platform for experts and facilitators to discuss and share knowledge on revenue auditing and a comprehensive document with concrete foundation will be drafted before bringing forward to third meeting in October 2016. She was impressed with the tangible progress of the Knowledge Sharing Committee's activities including the organizing of this FGD and the upcoming events such as the Audit Review Meeting for ISSAIs Implementation Programme, Workshop on Audit of Health Service and Workshop on Auditing the Public Private Partnership in late July and August, 2016 respectively. She expressed her appreciation to the Knowledge Sharing Committee and all ASEANSAI members for their concerted efforts and for sending their experienced and capable teams to this and subsequent meetings. Lastly, she wished all participants a pleasant stay in Phnom Penh and hope that this discussion would successfully achieve the expected results. The opening ceremony speech is attached as **Annex 2**.



Opening Remark of the Chairman of ASEANSAI KSC by Mr. Paul Chai Sin Ngee, SAI Malaysia



Opening Ceremony by Her Excellency, Madame Som Kim Suor, Auditor General of the National Audit Authority of Cambodia and Chairperson of ASEANSAI

3. DISCUSSION ON THE RESEARCH PROJECT ON REVENUE AUDIT

3.1. As agreed during the 1st FGD, the Research Project on Revenue Audit Report will be based on the respective country papers and SAI Malaysia will be responsible to edit and summarize these country papers.

3.2. During 2nd FGD, Mr. Paul Chai Sin Ngee as Project Leader presented the draft report for comments and feedbacks from relevant SAIs. After the presentation and discussion, all participants agreed to the followings:

- i. the contents and draft report as presented;
- ii. SAI Malaysia will finalized the report and could amend the respective country paper accordingly to ensure better understanding of the issues presented in the country papers;
- iii. country papers will be included in the Research Paper Project as annex; and
- iv. participants' names in each and every FGD will be included in the report as participating members attending each FGD may vary.



4. DISCUSSION ON THE GENERAL GUIDELINES ON REVENUE AUDIT

4.1. During the 1st FGD, the contents of the General/Generic Guideline on Revenue Audit and the responsibilities of the respective SAIs in drafting the relevant topics were decided as follows:

No.	Content	SAI
1.	Introduction	All
2.	Revenue Audit	Philippines/Thailand
3.	Planning	Cambodia/Lao PDR
4.	Implementation	Vietnam
5.	Reporting	Indonesia
6.	Follow Up	Malaysia
7.	Issues For Considerations	All
8.	Case Study	All
9.	Glossary	
10.	References	
11.	Appendices	

4.2. All SAIs had submitted their respective assigned topics to SAI Malaysia for compilation. These topics were presented, discussed and amended during the 2nd FGD. It was agreed that the preparation of this General Guideline on Revenue Audit should adhere to ISSAI.

4.3. After much deliberation, the participants agreed that revenue audits can be carried out through financial audit (ascertaining revenue collected has been properly accounted for); compliance audits (revenue collected is in compliance to tax laws and regulations) and performance audits (ascertaining the effectiveness and efficiency of tax authorities in collecting revenue). As such, the auditing guideline should incorporate ISSAI on financial, compliance as well as performance auditing. Thus, relevant ISSAI should be used as references. After the presentation and discussion, all participants agreed to the followings:



No.	Content	Comments
1.	Introduction	<ul style="list-style-type: none"> • A brief and general introduction to government revenue and its' examples. • No need to have specific examples of government revenue from each SAI.
2.	Revenue Audit	<ul style="list-style-type: none"> • A general definition of revenue audit. • Examples of audit objective relating to financial, compliance and performance audits.
3.	Planning	<ul style="list-style-type: none"> • More explanation on materiality. • Include risk assessment and using examples in risk on revenue collection eg. fraud and corruption that leads to revenue leakage. • Include in audit methodology.
4.	Implementation	<ul style="list-style-type: none"> • Describe in detail audit sampling. • Develop audit findings by introducing components of audit finding - criteria, condition, cause and effect. • Include continuous and effective communication with entity throughout the audit process. • Include general audit procedures and use an example of a specific audit programme. • Entrance conference to be included in planning stage.
5.	Reporting	<ul style="list-style-type: none"> • Insert references. • Include any legal issues (tax laws).
6.	Follow Up	<ul style="list-style-type: none"> • Identify follow up procedures in accordance to type of revenue audit. • Not necessary to include auditors' guidance on iCATs. • Quality Assurance should be on another chapter.
7.	Issues For Considerations	<ul style="list-style-type: none"> • Considers including other issues besides fraud. • Differentiate fraud and corruption.
8.	Case Study	<ul style="list-style-type: none"> • All SAIs will incorporate an example or two.

5. CONCLUSION AND MOVING FORWARD

5.1. The draft on the Research Project on Revenue Audit will be finalized by SAI Malaysia and **circulate among the participants for final comments by the end of September 2016** (two weeks before the 3rd FGD).



5.2. For the ASEANSAI General Guidelines on Revenue Audit, **relevant SAIs will amend the respective contents according to the comments raised and resubmit the proposal by 19 August 2016 to SAI Malaysia** for compilation.

5.3. All participants was duly informed by SAI Cambodia that the **output on this research project and the ASEANSAI General Guidelines on Revenue will be presented in Abu Dhabi, UAE in December 2016** in conjunction with INCOSAI 2016.

5.4. As all participants agreed that this research project was very beneficial for participating SAIs, it was proposed that **a knowledge sharing workshop or a research project on the audit of a specific revenue common to the 7 participating SAIs such as VAT or GST should be carried out in 2017**. It is of interest that the maturity of SAIs in carrying out audits on VAT/GST varies as GST was only implemented in Malaysia in 2015 whereas VAT was implemented in Indonesia (1984); Thailand (1992); Singapore (1993); Philippines (1998); Cambodia and Vietnam (1999); and Lao PDR (2009).

5.5. The 3rd FGD will be held in Malaysia on 17 - 19 October 2016 in the National Audit Academy. However, as **participating SAIs have to pay hotel lodging, they requested that the venue be changed to a hotel in Kuala Lumpur or elsewhere**.

6. DINNER HOSTED BY NATIONAL AUDIT AUTHORITY OF CAMBODIA

The National Audit Authority of Cambodia hosted a welcoming dinner for all participants on 17 July 2016 at the Titanic Restaurant & Lounge, Phnom Penh, Cambodia. All participants were served with delicious local delicacies and drinks.



7. SOCIAL PROGRAMME

The National Audit Authority of Cambodia as host organized a one day excursion programme for all participants on 20 July 2016. The participants were taken to several tourist spots in Phnom Penh. The visit to the Royal Palace shows how the Cambodian King is highly revered and respected in Cambodia. Subsequently, participants were brought to the National Museum that houses a great number of artefacts and historical items pertaining to the Khmer culture and also showcases Cambodia's development throughout the ages. Lastly, a visit to the Phnom Penh Central Market that was constructed in 1937 by the French when Cambodia was under colonial rule.



The Royal Palace of Cambodia



Cambodia's National Museum