

Assessment and strengthening the internal auditing system in the ministry of culture and fine arts of the royal government of Cambodia

Phin Chamroeun

Royal University of Law and Economics, Cambodia

University of Nantes, France

chamroeunphin@gmail.com

ABSTRACT

The study was about assessing the effectiveness of internal audits in the Ministry of Culture and Fine Arts in Cambodia. The major objective of the study was to assess the effectiveness of Internal Audit in the Ministry of Culture and Fine Arts to identify the relationship between the effectiveness of internal audits and the factors that affect the effectiveness of the Ministry of Culture and Fine Arts with 96 respondents were selected the study used judgment sampling. The study concludes that despite the fact that the used to assess the effectiveness of internal audit show a high correlation to the effectiveness of the internal audit at the Ministry of Culture and Fine Arts is on average effective but the lack of control with auditees because the unit is understaffing and not being fully some risk management of risky internal control and financial, department structure, making position, documentation keeping, Implementation department plan, regular meeting plan, regulation and poverties management risk, that relationship between the effectiveness of Internal Audit and financial performance of the Ministry of Culture and Fine Art's result indicated that, the internal control system is depending on other factors include the Ministry of Culture and Fine Arts should increase both monetary and non-monetary support to internal audit activities in order for them to handle their activities effectively. Auditors should improve the quality of audit work in order for them to add value to their organizations. Auditors responsible for the Internal Audit Department and auditees should increase for internal audit budget in order to complete their activities as planned.

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INTRODUCTION

Improving Public Financial Accountability which governance failures systematically undermine the role of the Royal Government's budget as an instrument of service delivery and poverty reduction. As seen above, the entire chain of accountability from inadequate policy direction and oversight by the National Assembly to almost non-existent internal accountability by way of internal audits and civil society oversight is deeply flawed. Moreover, low revenues drive under-funding of the budget in part because a corrupt and weak bureaucracy is unable to mount a serious revenue effort. Under funding in turn drives corruption because it robs civil servants of sufficient pay and other resources that they need to do their job. Since 1998 the Government has significantly improved the alignment of resources with its developmental objectives through significant real increases in spending on priority sectors from 1.4% of GDP to 3.2% of GDP. And Cambodia plans to further increase the share of priority sectors in the coming years. This has already made education spending much more pro- poor, while health spending lags behind.

However, this has yet to make a significant impact on social indicators reflecting the need to improve the effectiveness of spending by linking it much more closely to priority outcomes and by strengthening the mechanisms of accountability. Improving the accountability mechanisms and access to information that would help civil society and citizens hold government accountable for poor service delivery will be crucial to enhancing the impact of poverty reducing expenditures. The Law on Audit No CS/RKM/0300/10 dated 3rd March 2000 and the Internal Audit Sub Decree No. 40 ANK.BK dated 15th July, 2005, require all ministries and state organizations to take full responsibility for establishing internal control and internal auditing systems within their respective organization. This policy statement has been developed to assist all public sector institutions and enterprises and ministries to assess and improve internal control internal audit operations. Senior management well as internal auditors need to pursue this policy and have understanding of internal control as a key management function to improve public sector accountability and administration.

The Ministry of Culture and Fine Arts was formally established by Decree No 62 ANKR-BK in October 1997. It is charged with overall responsibility for the development of culture and fine arts in Cambodia, for nurturing creativity and innovation and for promoting the diverse Cambodian cultural heritage. Today, MoCFA has total staffs about 2521 include national level 1525 and provincial level 996 staffs. The Ministry of Culture and Fine Arts (MoCFA) made a great effort to strengthen the cooperation and facilitation with line ministries and agencies and national and international development partners, particularly the public sector following the principle "State supports the implementing private partners." as in the national policy on culture focusing on cultural conservation and development to contribute to the socio-economic development. In the vision to make "Culture a National Economy" by strengthening and increasing the production of cultural industrial products for trade and tourism through creating jobs, strengthening social ethics and good ways of living to make Cambodian people have the ideas of taking care, conserving and increasing the tendency to love the national culture as well as promoting the creativities contributing to the social development to reduce the poverty in order to reach the target "Cambodia: Kingdom of Culture". In addition, MoCFA implemented its strategic plans with main points as set in the National Strategic Development Plan 2014-2018.

This study focused on the impact of internal auditing units in ensuring effective internal control in the Ministry of Culture and Fine Art in Cambodia. Internal Audit is an integral part of management within any technical department. Studies by characterise auditee as weak, under resourced, dependent and understaffed. These and other problems have led to their inability to effectively oversee the internal control in the MoCFA. Besides, the internal audit reports for the years 2014 to 2016 have not shown any improvement on the financial management and internal control to most of the audited entities. The key weaknesses highlighted by Internal Audit Reports (IAR) are in the areas of cash management specifically laxity in revenue management, irregularities in expenditure management, inadequate payroll controls and weak internal control system. Such and other problems point to the weaknesses of internal control system (which is the proof of the inadequate performance of Auditees) leading to irregularities for internal control in MoCFA.

OBJECTIVES

The major objective of the study was to assess the effectiveness of internal auditing along to audited entities are performing duties under controlled by the Ministry of Culture and Fine Art to identify the relationship between effectiveness of internal auditing and financial performance of auditees of which some are technical departments at the national and provincial level and to identify the factors that affect effectiveness of internal auditing and internal controls. There are three specific objectives of study:

1. To assess the effectiveness level of internal auditing standard of audit unit to audited entities of the Ministry of Culture and Fine Art
2. To identify the relationship between effectiveness of internal audits and performance of audited entities.
3. To identify the factors that affect effectiveness of internal audits and performance of audited entities.

METHODS

In Cambodia, The Government's endeavors in supporting culture especially promotions of cultural industries have started in recent years. Arts work and artists are able to showcase their work for both national and international audiences due to the strong involvement of NGOs and Government's support. The internal auditing department has collaborate with Ministry of Economic and Finance and National Authority of Audition (NNA) to achieve the cultural policy of RGC, auditors work this field used COSO model. The internal audit executive should have proper qualifications and experience as well as auditing and managerial skills. The unit has to be adequately staffed both in numbers of manpower and quality (COSO Framework 2013). The definition also requires that registrant's process would include policies and procedures that: Provide for the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of the assets of the issuer

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer.

Provide reasonable assurance about prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the financial statements.

Research Design

A research design is a plan or strategy used to get the expected study results (IAD 2018). Research design is categorized into different types depending on the nature the study which includes case study design, survey design and experimental department. This study employed a case study design because of its flexible for data collection which mixed data collection, I reemployed in order to corroborate rese findings. Thus, qualitative and quantitative approaches were used to achieve the objectivity and validity.

Area of the Study in Auditing Process

The study was conducted for the technical department both national and provincial level of the Ministry of Culture and Fine Arts which choice of the both auditees level were based on various factors among them is the members and experience of the researcher in the study area under Mica's policy and Royal Government of Cambodia (RGC).

Sample Size

Sampling is a critical aspect of surveying science but the subject is relevant to nearly all scientific inquiry and not just to surveys, is useful in all sorts of human behavior was set in the researching study is based on size of time scheduche actually focus on staffs of the Ministry of Culture and Fine Art in among of population 2521 staffs

and simple take place by statistical function according to time allowance and our resource in order to ensure the basically researcher. As data above will interview with simple of 96 questionnaire through equation (Yamane 1957 for confident area is 90% and standard error is 10 % in order to ensure the low bias to questionnaire and easy to evaluate the risk management and auditing standard of audit units and auditees with their performance the internal control and financial field. Hence , of ansewer in simeple (n) is 96 Respondents.

Sampling Techniques of Analysis

The auditees of analysis for this study were the technical department both national and provincial level of the Ministry of Culture and Fine Art which included staff from the accounts department, head of departments, and members of finance committee from both councils. Members of inspector and internal auditors from provincial department and general department of heritage, general department of cultural technology, general department of administration and finance in the MoCFA which selected of these persons was based on the fact such as the key players in performing, supporting and evaluating internal audit services within the Ministry. Purposive and recommended when sample elements and locations are chosen to fulfil certain criteria or characteristics or have attributes under study with staffs in specific departments who possessed skills, knowledge, and experience with internal auditing within the selected auditees.

Primary Data Collection

Are directly collected from the original sources (internal audit department plan, 2018). In this study, primary data were obtained through questionnaires, interviews and participant observations. The questionnaire was the major instrument of data collection for this study from plan prepared based on conceptual framework constructed from the objectives of the study. The questionnaires are generally used when the respondents are asked the same questions were administered by the auditor after a brief self-introduction and explanation of the purpose of the audit to the respective respondent .Interviewing is a method of across examination allowing face to face interaction with the respondent so as to get detailed and sensitive information from the respondent. The researcher and auditor used this method to supplement of audit process so as to get deep feelings and perceptions of the respondent on the subject matter of internal control and financial management. For the purpose of confidentiality and comfort each respondent was interviewed alone.

Table 2.1 *Technical department level*

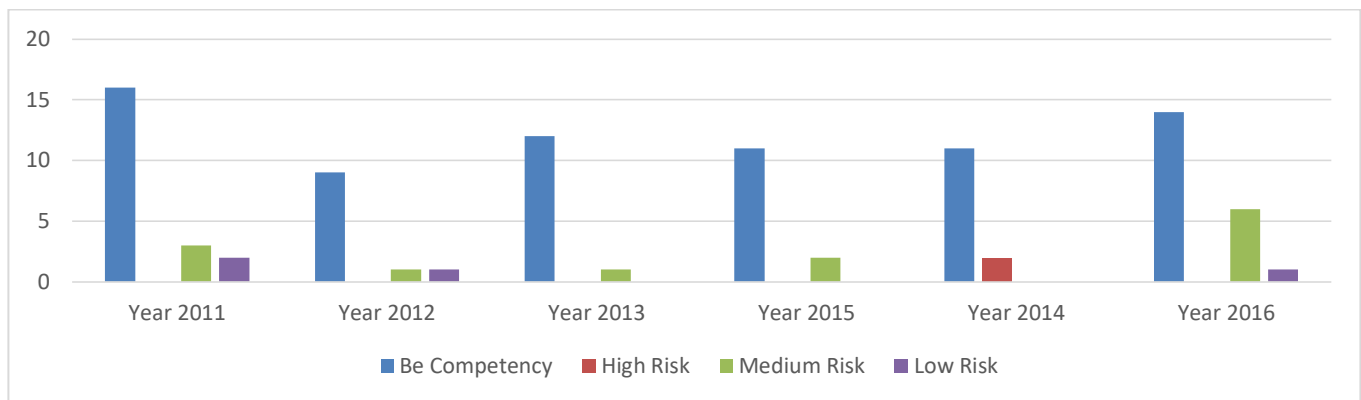
Part	Technical department level		Total
	National level	Provincial level	
Provincial department	0	83	83
General department of Heritage	7	2	9
General department of cultural technology	2	0	2
General department of admin and finance	2	0	2
Total	11	85	96

Secondary Data Collection

Data means facts, opinion and statistics that have been collected together and recorded for reference or for analysis (Inspection and IAD report 2017) are data obtained from the literature sources such as books, newspapers, journals, laws and regulations which used to get background information about internal auditing and inspecting with auditees in the Ministry of Culture and Fine Art. It included are review of previous internal auditor's report.

***Table 2.2** Year * Internal control cross tabulation*

Year	Internal control risk				Total
	Be competency	High risk	Medium risk	low Risk	
Year 2011	16	0	3	2	21
Year 2012	9	0	1	1	11
Year 2013	12	0	1	0	13
Year 2015	11	0	2	0	13
Year 2014	11	2	0	0	13
Year 2016	14	0	6	5	25
Total	73	2	13	6	96



***Figure 2.1** Internal control cross tabulation*

Data Processing and Analysis

The quantitative data from the questionnaires were analyzed using Statistical Product for Social Scientists (SPSS) and collected from the auditees were rearranged and organized in themes before entered into the computer using SPSS to test the statistic model was necessary because it facilitated easy tracking of key variables information required for this study and carefully done so as not affect the original information gather from the respondents. The frequency and cross tabulations were employed to enhance clarity and validity of the study findings. The qualitative data from the interviews were analyzed by content analysis.

Results and Discussion

A. Respondents' audit experience

It was important for the researcher to collect information on respondents' work experiences because of the nature of the problem being addressed. It was believed that lengthy of service of the respondent in the auditees has an influence on his/her perception of daily working of the particular entity. The experiences of the respondents are presented in Table 2.3.

Table 2.3 Working experiences

	Frequency	Percent	Valid percent	Cumulative percent
Below 1 year	16	16.7	16.7	16.7
1 to 5year	47	49.0	49.0	65.6
Above 5 years	33	34.4	34.4	100.0
Total	96	100.0	100.0	

The research findings in Table 2.3: show that most of the respondents (49.00%) work experiences of respondents between 1 to 5 years, about 34.40% are above 5 year and only 16.70% is Below 1 year. The findings indicate that the population of the study is made up of quite experienced staff with such a population, the researcher anticipates that, great their vast experiences and expertise will enhance the results of the study.

A.1. Educational levels at Auditees

The study also sought the staff's education levels at the auditees which were thought to influence their skills and expertise in the chosen research area. Thus, respondents were grouped into 3 categories with respect to educational qualification, 1.Respondents with below advanced diploma qualifications (diplomas and certificates), 2.Respondents with bachelor degree qualifications, 3. Respondents with graduate study qualifications. The results show that, category with highest frequency was those with advanced diploma, (42.7%), bachelor (51.0%), followed by those with graduate study's qualifications (6.2%). Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

Table 2.4 Academic qualification

	Frequency	Percent	Valid percent	Cumulative percent
Below advanced diploma	41	42.7	42.7	42.7
Bachelor degree	49	51.0	51.0	93.8
Graduate study	6	6.2	6.2	100.0
Total	96	100.0	100.0	

A.1.1. the independence of the civil servants in performing the functions

The study also sought independence of the civil servants in performing their functions of the respondents which were thought to influence their independence in the chosen research area. Thus, respondents were grouped into 5 categories with respect to the independence, 1.Respondents with Integrity qualifications, 2.Respondents with objection qualifications, 3.Respondents with confidentially qualifications, 4.Resopndent with competence qualifications, 5. Respondents with all qualifications.

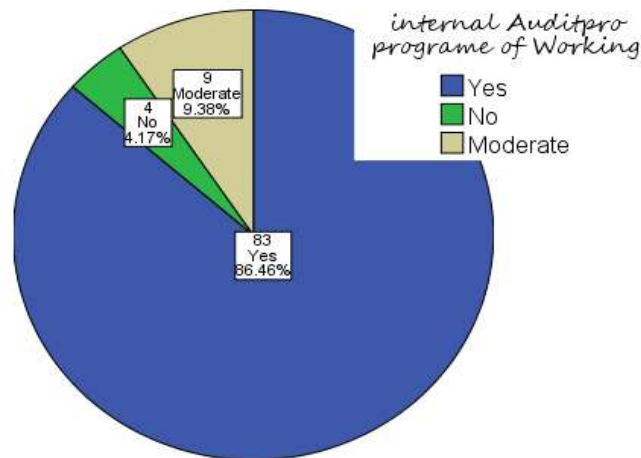
The results show that, category with highest frequency was those with competency, (30.2%), confident (51.0%), followed by those with all (6.2%). objection (11.5%) and integrity (5.2%) based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

Table 2.5 Independence of internal auditor

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Integrity	5	5.2	5.2	5.2
	Objection	11	11.5	11.5	16.7
	Confident	26	27.1	27.1	43.8
	Competence	29	30.2	30.2	74.0
	all	25	26.0	26.0	100.0
	Total	96	100.0	100.0	

A.2. the planned program of work in the auditees

Pie Chart 2.1: The internal audit unit achieve the program of working place



The study also sought the achievement of their planned programmer of work of the respondents which were thought to influence their performance at the auditees in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the achievement, 1. Respondents with yes (completed), 2. Respondents with no (no completed), 3. Respondents with moderate. The results show that, category with highest frequency was those with a completed (86.467%), not completed (4.17.0%), followed by those with moderate (9.38 %) based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions

A.3. Necessary skilled and knowledgeable personnel for the auditees

The study also sought the auditees have necessary skilled and knowledgeable personnel of the respondents which were thought to influence their performance at the auditees in the chosen research area. Thus, respondents were grouped into 3 categories with respect to necessary skilled and knowledgeable personnel, 1. Respondents with yes (have necessary skilled), 2. Respondents with no (have not necessary skilled), 3. Respondents with moderate. The results show that, category with highest frequency was those with have necessary skilled (82.3 %), have not necessary skilled (12.50 %), followed by those with moderate (5.2 %). Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

Table 2.6 Auditees have necessary skilled and knowledgeable

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	79	82.3	82.3	82.3
No	12	12.5	12.5	94.8
Moderate	5	5.2	5.2	100.0
Total	96	100.0	100.0	

A.4. the internal auditor's recommendation for adjust the auditees' mistake

The study also sought the management giving necessary attention to internal auditor's recommendation of the respondents which were thought to influence their mistake adjustment in the chosen research area. Thus, respondents were grouped into 3 categories with respect to giving necessary attention to internal auditor's recommendation, 1. Respondents with Yes (Adjustment), 2. Respondents with No (Unadjusted), 3. Respondents with Moderate.

Table 2.7 Recommendation for Adjustment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	55	57.3	57.3	57.3
No	19	19.8	19.8	77.1
Moderate	22	22.9	22.9	100.0
Total	96	100.0	100.0	

The results show that, category with highest frequency was those with Recommendation for Adjustment (57.3%), Moderate (22.9%), followed by those with Unadjusted Recommendation (19.8%). Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

A.5. Relevant adequate staffs required within the auditees

The study also sought the relevant adequate staffs required within the auditee of the respondents which were thought to influence their working at Auditees in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the relevant adequate staffs required within the auditees, 1. Respondents with 3 Staffs, 2. Respondents with 5 Staffs, 3. Respondents with more than 5 Staffs.

Table 2.8 Among the staffs for audit in the auditees

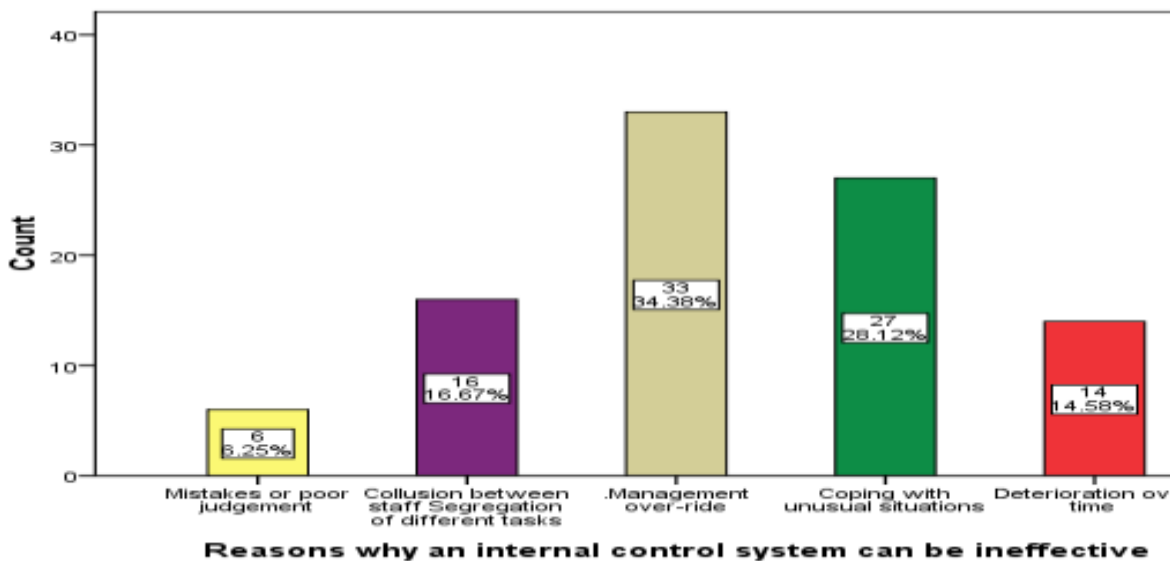
	Frequency	Percent	Valid Percent	Cumulative Percent
3 Staffs	34	35.4	35.4	35.4
5 Staffs	34	35.4	35.4	70.8
More Than 5 Staffs	28	29.2	29.2	100.0
Total	96	100.0	100.0	

The results show that, category with highest frequency was those with 3 Staffs (35.40 %), 3 Staffs (35.40 %), followed by those with more than 5 Staffs (29.20 %). Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

B. Ineffective internal control system at the auditees

When asked to give their view on how internal audit unit could be strong on performing their duties, a wide range of factors were provided in Graph 2.2. These can be classified into five major groups with respect to reasons why an internal control system is not success at the Auditees ,1.Respondents with Mistakes or poor judgement, 2.Respondents with Collusion between staff segregation of different tasks, 3.Respondents with Management over-ride, 4.Respondent with Coping with unusual situations,5. Respondents with Deterioration over time.

Graph 2.2 Ineffective internal control system at the auditees



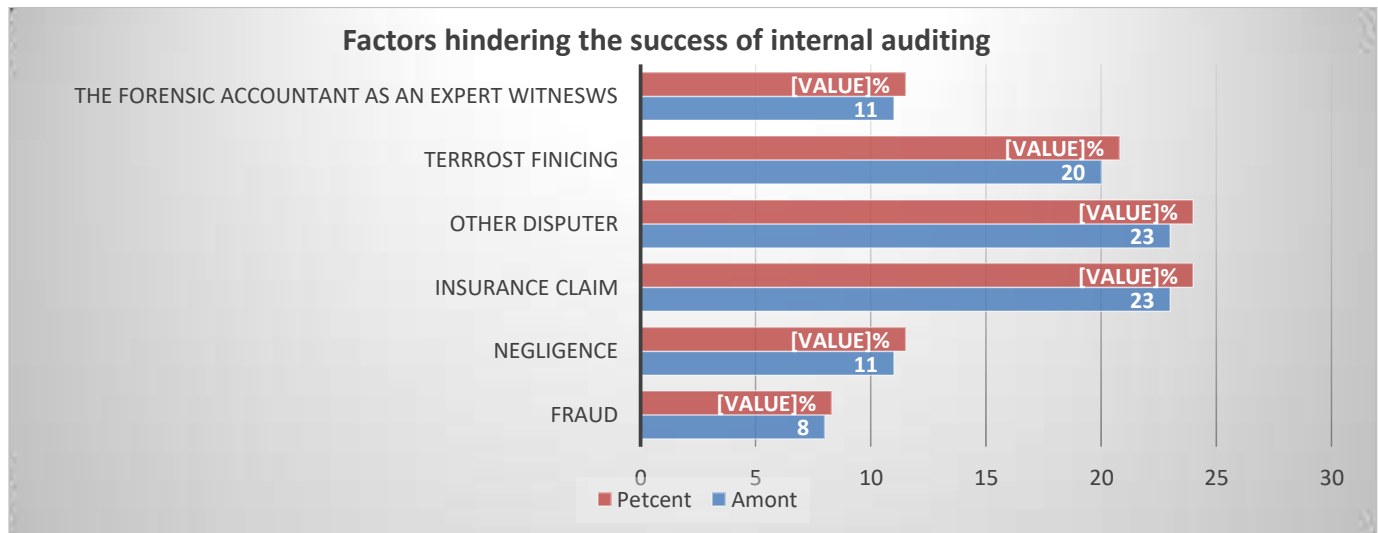
Mistakes or poor judgement (5.25%): The successful operation of many controls depends on the people operating them. Staff may fail to operate controls because, for example, they are tired or do not understand what they have to do. They may make errors operating controls, for example incorrectly failing an item they have tested. Collusion between staff segregation of different tasks (16.67%): is a key aspect of control systems, as is the involvement of more than one staff member in activities so that staff know that someone else will see what they are doing. Fraudulent collusion between staff, as here, undermines segregation and oversight. Management over ride (34.38%): Senior management may be able to insist that certain activities or transactions are not subject to controls that would normally operate. Staff operating the controls may lack the authority or be unwilling to challenge senior managers. Coping with unusual situations (28.12%): Control systems may be designed to cope with an organization's routine transactions. If transactions occur that are out of the ordinary, it may be difficult to apply controls. Similarly if unforeseen circumstances arise, normal controls may become irrelevant. Deterioration over time (14.58%): Controls may be designed to cope with a set of circumstances and business environment that changes over time, making the controls less relevant. Staff also may become less conscientious about applying controls over time, particularly if they are dissatisfied with the organization.

C. The factors are hindering the success of internal auditing

When asked to give their view on the factor are hindering the success of internal auditing , a wide range of factors were provided in Bar Grab 2.3 .These can be classified into six major groups with respect to security of the

auditees, 1.Respondents with Fraud, 2.Respondents with Negligence, 3. Respondents with Insurance claim, 4.Respondent with other disputes, 5.Respondents with Terrorist financing, 6.Respondents with the forensic accountant as an expert witness.

Graph 2.3 Factors hindering the success of internal auditing



Fraud (8%): Forensic accountants can be engaged to investigate fraud. This could involve: Quantifying losses from theft of cash or goods; Identifying payments or receipts of bribes . Identifying misstatements in financial information, such as overstatement of revenue and earnings and understatement of costs and expenses. Investigating intentional misrepresentations made to auditors forensic accountants may also be engaged to act in an advisory capacity to assist directors in developing more effective controls to reduce the risks from fraud. Negligence (12%): When an auditor or accountant is being sued for negligence, either or both parties to the case may employ forensic accountants to investigate the work done to provide evidence as to whether it did in fact meet the standards required. They may also be involved in establishing the amount of loss suffered by the plaintiff. Insurance claim (24%): Insurance companies often employ forensic accountants to report on the validity of the amounts of losses being claimed, as a means of resolving the disputes between the company and the claimant. This could involve computing losses following an insured event such as a fire, flood or robbery. If a criminal action arises over an allegation that an insured event was deliberately contrived to defraud the insurance company, the forensic accountant may be called on as an expert witness. Other disputes (24%): Forensic accountants can be involved in the investigation of many other types of dispute, such as: Shareholder, Partnership, Contract and Purchase disputes. Matrimonial disputes Terrorist financing (21%): The legal requirements imposed on professional accountants in this area. In addition, governments are increasingly turning to forensic accountants as part of their counter-terrorism strategy.th forensic accounting of transaction trails across continents has been vital in identifying threats, uncovering accomplices, piecing together company structures, and ultimately providing evidence for prosecution. Most recently, forensic accounting techniques have tracked an alleged terrorist bomb maker, using multiple identities, multiple bank accounts and third parties. The forensic accountant as an expert witness (12%): The preceding sections have identified a number of circumstances where the forensic accountant may be involved as an expert witness in civil or criminal cases.

D. The efficient process on the internal control at the auditees

The study also sought efficient process on the internal control method at the auditees of the respondents which were thought to influence their improvement in the chosen research area. Thus, respondents were grouped into 6 categories with respect to improve the efficiency, 1.Respondents with Control Environment, 2. Respondents

with Risk Assessment, 3.Respondents with Control Activities qualifications, 4.Resopndent with Information & Communication,5.Respondents with Monitoring Activities.

Table 2.9 *Improve the efficiency of Auditees*

	Frequency	Percent	Valid Percent	Cumulative Percent
Control Environment	12	12.5	12.5	12.5
Risk Assessment	22	22.9	22.9	35.4
Control Activities	24	25.0	25.0	60.4
Information & Communication	22	22.9	22.9	83.3
Monitoring Activities	16	16.7	16.7	100.0
Total	96	100.0	100.0	

The results show that, category with highest frequency was those with Control Activities, (25.0%), Information & Communication (22.9%) and Risk Assessment (22.9%), followed by those with Monitoring Activities (16.7%) and Control Environment (12.5%).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

D.1. the governmental staff comply with working standards

The study also sought that governmental staff comply with working standards of the auditees which were thought to influence their working standards in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the improvement, 1. Respondents with Yes (comply with working standards), 2. Respondents with No (No comply), 3. Respondents with Moderate.

Table 2.10 *Governmental staff comply with working standards*

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	80	83.3	83.3	83.3
No	8	8.3	8.3	91.7
Moderate	8	8.3	8.3	100.0
Total	96	100.0	100.0	

The results show that, category with highest frequency was those with comply with working standards, (83.3%), followed by those with no comply with working standards (8.3%) and Moderate (8.3%). Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

D.2. the internal audit department prepared programmer with adequate standards

The study also sought that according with the adequate standards issued by the authorized organizations of the respondents which were thought to influence their preparing programmer with standard in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the improvement, 1.Respondents with Yes (adequate standards), 2.Respondents with No (No adequate standards), and 3.Respondents with Moderate. The results show that, category with highest frequency was those with adequate standards, (85.4%), followed by those

with Moderate (8.3%) and adequate standards (6.2%).Based on these finding it is clear that the population of the study is made up well authorized who are capable of adequate standards authorized the organizations to answer the specific research questions.

Table 2.11 Adequate standards issued authorized organizations

	Frequency	Percent	Valid percent	Cumulative percent
Valid Yes	82	85.4	85.4	85.4
No	6	6.2	6.2	91.7
Moderate	8	8.3	8.3	100.0
Total	96	100.0	100.0	

D.3. the internal audit activity for quality assurance program

The study also sought that internal audit activity have the quality assurance program of the respondents which were thought to influence their qualification in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the improvement, 1.Respondents with Yes (assurance program), 2.Respondents with No (No assurance program), 3. Respondents with Moderate.

Table 2.12 Activity quality assurance program

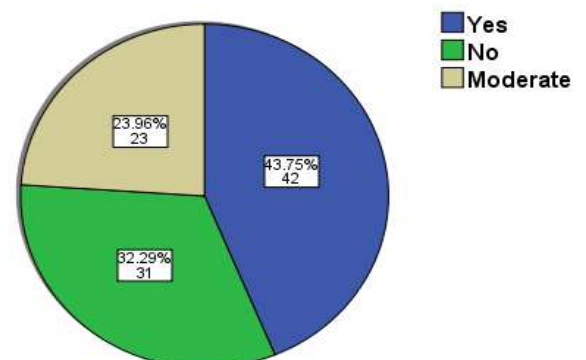
	Frequency	Percent	Valid percent	Cumulative percent
Valid Yes	82	85.4	85.4	85.4
No	5	5.2	5.2	90.6
Moderate	9	9.4	9.4	100.0
Total	96	100.0	100.0	

The results show that, category with highest frequency was those with assurance program, (85.4%), followed by those with Moderate (9.4%) and no adequate standards (5.2%).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

D.4. Changing the auditees after the establishment of Internal Audit department

Pie Chart 31: Following establishment of the internal audit department

The study also sought improvement of the auditees following the establishment of Internal Audit unit of the respondents which were thought to influence their correction in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the improvement, 1. Respondents with Yes (improved), 2. Respondents with No (unimproved).



Respondents with Moderate

Table 3.1 Following establishment of the internal audit department

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Yes	42	43.8	43.8	43.8
	No	31	32.3	32.3	76.0
	Moderate	23	24.0	24.0	100.0
	Total	96	100.0	100.0	

The results show that, category with highest frequency was those with improved, (43.8%), followed by those with unimproved (32.3%) and Moderate (24%). Based on these findings it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

A. Internal audit department compliance to the general auditing standards

A.1. Internal audit charter

The study also sought that internal audit charter of the respondents which were thought to influence their standards in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the improvement, 1. Respondents with Yes (Chartered standards), 2. Respondents with No (No chartered standards), 3. Respondents with Moderate.

Table 3.2 Internal audit charter within Mica

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	80	83.3	83.3	83.3
	No	8	8.3	8.3	91.7
	Moderate	8	8.3	8.3	100.0
	Total	96	100.0	100.0	

The results show that, category with highest frequency was those with Chartered standards, (83.3%), followed by those with Moderate (8.3%) and Non-chartered standards (8.3%). Based on these findings it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

A.2. Internal Auditors Training and Development

The study also sought that Internal Auditors Training and Development of the respondents which were thought to influence their skill and development in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the training and development, 1. Respondents with Yes (Conducted training and development), 2. Respondents with No (No conducted), 3. Respondents with Moderate.

Table 3.3 Training conducted for internal audit staffs

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Yes	74	77.1	77.1	77.1
	No	5	5.2	5.2	82.3
	Moderate	17	17.7	17.7	100.0
	Total	96	100.0	100.0	

The results show that, category with highest frequency was those with Conducted training and development, (77.1%), followed by those with Moderate (17.7%) and Non conducted (6.2%).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

A.3. Internal auditor's adherence to available code of ethics

The study also sought that internal auditor's code ethic of the respondents which were thought to influence their security in the chosen research area. Thus, respondents were grouped into 3 categories with respect to the code of ethics of internal audit, 1.Respondents with Yes (Internal auditor's code ethic), 2.Respondents with No (Non internal auditor's code ethic), 3.Respondents with Moderate.

Table 3.4 Internal auditors code ethic

		Frequency	Percent	Valid percent	Cumulative percent
Valid	Yes	80	83.3	83.3	83.3
	No	10	10.4	10.4	93.8
	Moderate	6	6.2	6.2	100.0
	Total	96	100.0	100.0	

The results show that, category with highest frequency was those with that internal auditors code ethic, (83.3%), followed by those with Non internal auditors code ethic (10.4%) and Moderate (6.2%).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions.

A.4. Organization performance of the Ministry of Culture and Fine Art

In performing our audit, the following positive practices and initiatives were noted with Positive practices and initiatives:

<i>Internal Environment</i>
-Well defined organizational structure and clarity on roles and responsibility.
-Clear work plan and timely reviews of the progress on the achievement of work plan.
Risk management
-A consultative approach to develop the risk register which resulted in a comprehensive risk register with clear linkages to the annual work plan.
Control activities
-Close collaboration with the Cooperating Partners and Government Counterparts for

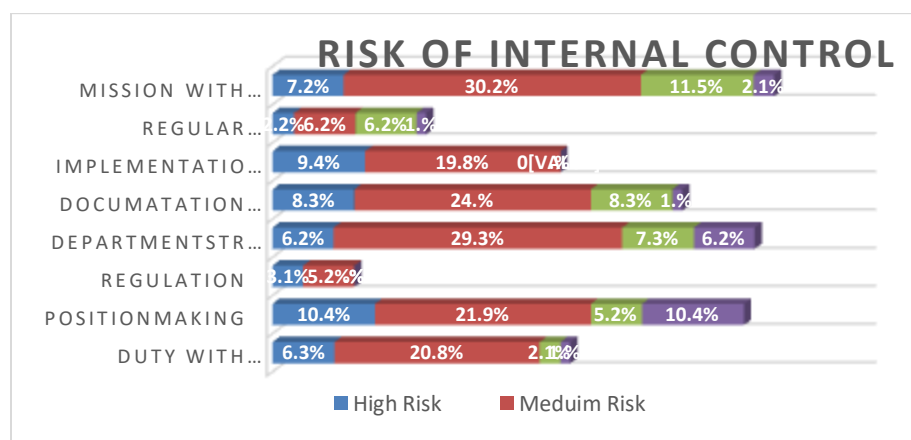
implementation of programmer activities.

- Humanitarian Response Forum for monitoring and performance
- Good documentation of regular inventory stock count at the warehouse level
- Development of various Standard Operating Procedures (SOP) to provide guidance to the staff on operational matters.
- Good coordination for security related matters.
- Strong efforts at various levels to mobilize resources and raise donor awareness. Actions identified for major functions.
- Updated checklists and effective report database.
- Good coordination with Auditees on delivering key messages to the public services

Internal Control Risk

The study also sought that internal control risk of the respondents which were thought to influence their security in the chosen research area. Thus, respondents were grouped into 8 risk categories with respect to the Risk management, 1. Respondents with Parkas 199, 2. Respondents with Position making, 3. Respondents with Regulation, 4. Respondents with Department structure, 5. Respondents with Documentation keeping, 6. Respondents with Implementation department plan, 7. Respondents with Regular meeting plan, 8. Respondents with Confirmed letter for mission.

Graph 3.1 Internal control risk

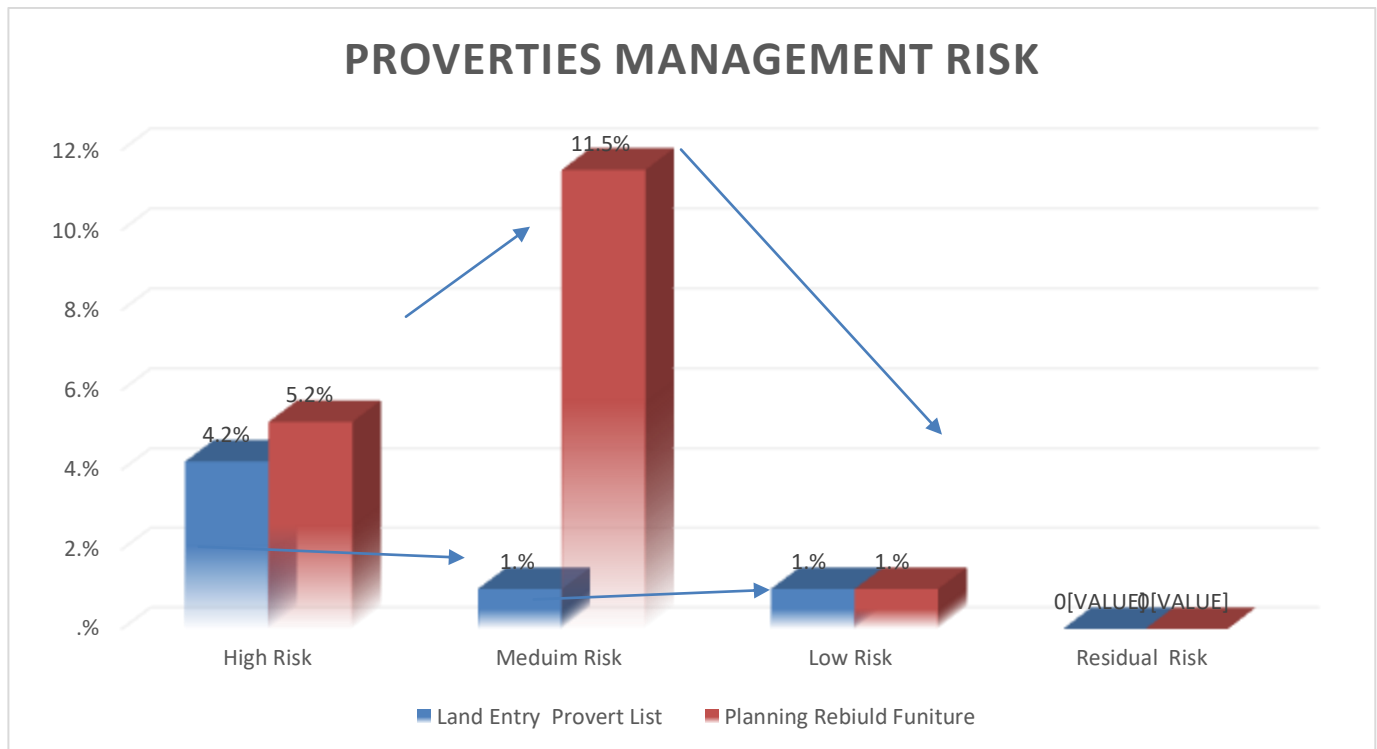


The results show that, category with highest risk frequency was those with that Risk of Parkas 199, (51.00%), followed by those with Risk of Department Structure (49.0%) , Risk of Position making (47.90%) , Risk of Documentation keeping(41.6%), Risk of Duty with Parkas (30.20%) , Risk of Implementation department plan(29.2%), Risk of regular meeting plan(15.60%),and Risk of regulation(8.30%).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions see at Appendix II .

Poverties management risk

The study also sought that poverties management risk of the respondents which were thought to influence their security in the chosen research area. Thus, respondents were grouped into 2 risk categories with respect to the stated properties management. 1. Respondents with Risk of land entry list, 2. Respondents with Risk of planning rebuild furniture.

Graph 3.2 Poverties Management Risk

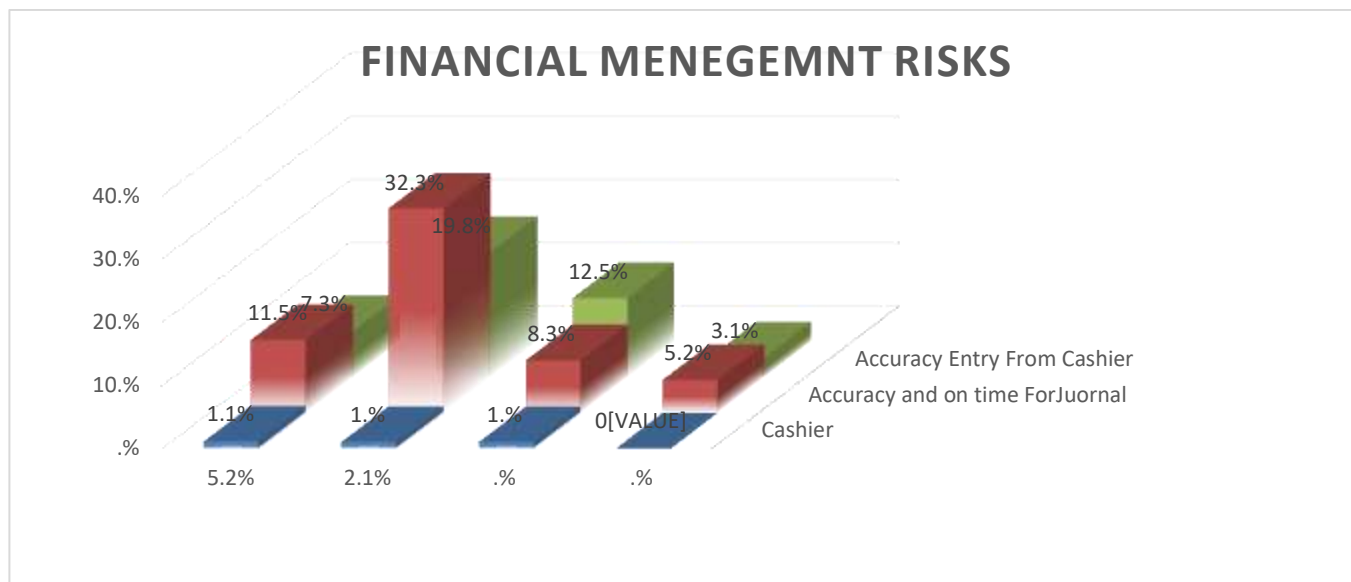


The results show that, category with highest risk frequency was those with that Risk of Planning rebuild furniture, (17.7%), followed by those with Risk of land entry list (6.20%).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions see at Appendix II.

Financial Management Risk

The study also sought that financial management risk of the respondents which were thought to influence their security in the chosen research area. Thus, respondents were grouped into 4 risk categories with respect to financial accountant, 1. Respondents with Departmental accountants, 2. Respondents with Cashier, 3. Respondents with Accuracy with journal, 4. Respondents with Accuracy entry from cashier.

Graph 3.3 Financial management risk



The results show that, category with highest risk frequency was those with that risk of Accuracy with journal, (57.3%), followed by those with Risk of accuracy entry from cashier (42.70%), Risk of departmental accountants (7.30%), Risk of cashier (3.10 %).Based on these finding it is clear that the population of the study is made up well educated respondents who are capable of providing relevant information to answer the specific research questions see at Appendix II.

CONCLUSIONS

The results show that there are ineffective from top management support, quality of audit work, professional proficiency, and organizational independence at the Ministry of Culture and Fine Art that despite the fact that the independent case used to assess the effectiveness of Internal Audit show a highly correlated to effectiveness of Internal Audit, the Internal Audit at the Ministry of Culture and Fine Art on average is effective. This is because the unit is understaffing and not being fully independent. The result indicates that, the auditees under Mica have some risky internal control and financial show that, category with highest risk frequency was those with that Risk of Parkas 199, followed by those with Risk of Department Structure , Risk of Position making , Risk of Documentation keeping , Risk of Duty with Parkas , Risk of Implementation department plan, Risk of regular meeting plan ,and Risk of regulation.

With other risk held constant, effectiveness of Internal Audits positively related to top management support, quality of audit work, professional proficiency, but negatively related to organizational independence show that poverties management risk which were thought to influence their security in the chosen auditees and top management with respect to the stated properties management such as Risk of land entry list and planning rebuild furniture. The results imply that also sought that financial management risk of the respondents which were thought to influence their security in the chosen research area with fours risk categories with respect to financial accountant risk issued from departmental accountants, cashier, and accuracy with journal and accuracy entry from cashier.

A programmed management in this area, the audit reviews the management of the national programmer that is, the activities and interventions on behalf of culture and heritage. The programmer is owned primarily by the government. The scope of the audit in this area includes the following: Resource mobilization and management:

This refers to all efforts to obtain resources for the implementation of the national programmer, including fundraising and management of contributions.

Planning: The use of adequate data in programmer design, and clear definition of results to be achieved, which should be specific, measurable, achievable, realistic and time bound; planning resource needs; and forming and managing partnerships with NGOs and other partners. Support to implementation: This covers provision of technical, material or financial inputs, whether to governments, implementing partners, communities or families. It includes activities such as supply and cash transfers to partners. Monitoring of implementation: This should include the extent to which inputs are provided, work schedules are kept to, and planned outputs achieved, so that any deficiencies can be detected and dealt with prompt. Reporting: Offices should report achievements and the use of resources against objectives or expected results. Evaluation: The office should assess the ultimate outcome and impact of programmer interventions and identify lessons learned. All the areas above were covered in this audit. The audit found that controls were functioning well over a number of areas. Progress in implementing the national programmer was reviewed against planned work plans with key implementing partners through the year 2018 and annual reviews.

RECOMMENDATIONS

In order to improve effectiveness of Internal Audit and financial management should increase support to the Internal Auditor to perform their duties. Further, management should make sure that professional proficiency of Internal Audits improved, at same time the Internal Audit should be full independent to perform their duties. Also during review and assessment of Internal Audit's documents such as, Internal Audit reports, Internal Audit action plan, Internal Audit files, personal file, training programmer, Internal Audit budgets and Internal Audit charter in order to confirm some information from respondents qualify for quality assurance, they implement their activities as planned, they complies with auditing standard. Also in assessing the relationship between effectiveness of Internal Audit and financial performance of the Ministry of Culture and Fine Art's result indicated that, effectiveness of Internal Audit influence the internal control system of the Ministry of Culture and Fine Art. This means that the internal control system of the Ministry of Culture and Fine Art depending on other factors include effectiveness of Internal Audit;

Ministry of Culture and Fine Arts should increase both monetary and non-monetary support to Internal Audit in order for them to handle their activities effectively.

Auditors should improve the quality of audit work in order for them to add value to their organizations. Auditor responsible for Internal Audit Department and Auditees should increase the Internal Audit budget in order to complete their activities as planned. Internal Audit Department responsible for Ministry and IAD should improve the level of independence of Internal Audit staff. Core principles for the professional practice of internal auditing demonstrates integrity. Demonstrates competence and due professional care. Consider if objective and free from undue influence (independent). Align the strategies, objectives, and risks of the organization. Appropriately positioned and adequately resourced. Demonstrates quality and continuous improvement through effective communication. Provides risk-based assurance by being insightful, proactive, and future-focused. Lastly, promotes organizational improvement.

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