Sub-Decree on
The Organization and Functioning of the Kampuchea Institute of Certified Public Accountants and Auditors

The Royal Government

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree No. NS/RKT/1198/72 dated November 30, 1998 on the Appointment of the Royal Government of the Kingdom of Cambodia;
- Having seen the Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram No. NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Having seen the Royal Kram No. CS/RKM/0696/03 dated June 17, 1996 promulgating the Law on the General Statute of Public Enterprises;
- Having seen the Royal Kram No. NS/RKM/0702/011 dated July 08, 2002 promulgating Law on Corporate Accounts, Their Audit and the Accounting Profession;
- Having seen the Sub-Decree No. 41 ANKr.BK dated August 06, 1997 on the Implementation of the Royal Code on the General Statute of Public Enterprises;
- Having obtained the approval from the Council of Ministers in the plenary session on February 28, 2003;

Hereby Decides

Chapter 1
General Provisions

Article 1.-

This Sub-Decree determines the organization and functioning of the Kampuchea Institute of Certified Public Accountants and Auditors and the conditions for practicing the certified accountants and authorized auditor professions in the Kingdom of Cambodia, with the aim of enabling this Institute to:

- Provide a professional body responsible for representing its members and promoting and protecting the statute and interests of the accounting profession;
- Participate in carrying out the work as a member of the National Accounting Council;
- Establish and enforce the rules and obligations of the profession;
- Organize professional training in accounting and auditing for Cambodian citizens who choose these two professions.

Article 2.-

The Kampuchea Institute of Certified Public Accountants and Auditors, abbreviated as KICPAA, is located in Phnom Penh.

Article 3.-

KICPAA shall be under the tutelage of the Ministry of Economy and Finance. The Royal Government Commissioner to KICPAA shall be appointed by a Prakas of the Minister of Economy and Finance.

Chapter 2
Management and Functioning of KICPAA

Article 4.-

The fundamental management bodies of KICPAA include:

- General Assembly of Members
- Governing Council
- Committee for Professional Ethics
- Committee for Registration, Certified Accountants and Authorized auditors
- Committee for Work, Studies, and Research
- Secretariat

KICPAA may establish campus offices in all provinces and municipalities of the Kingdom of Cambodia.

Article 5.-

The Governing Council of KICPAA, as stated in Article 4 of this Sub-Decree, shall have a maximum of nine (9) members.

The members of the Governing Council of KICPAA shall be elected for a term of four (4) years from among the active members by secret ballot of the General Assembly of Members with an absolute majority of the members present.

The procedures for organizing and electing the members of the Governing Council shall be determined by a Prakas of the Minister of Economy and Finance.

Article 6.-

During the first two (2) years, the initially appointed Governing Council, as stated in Article 21 of the Transitional Provisions of this Sub-Decree, shall have the duties to establish:

- The internal rules of KICPAA;
- The code of ethics for certified accountants and authorized auditors;
- The code of obligations of the profession for all members of KICPAA;
- The administrative regulations and conditions for the functioning of the Disciplinary Council, as stated in Article 7 of this Sub-Decree;
- The internal rules specifying the duties and obligations of members, as well as the conditions for signing agreements with foreign certified accountants and authorized auditors. The internal rules shall also specify the circumstances that lead to the loss of membership.

Article 7.-

A Disciplinary Council shall be established within KICPAA to be responsible for imposing disciplinary sanctions on intentional violations with sufficient evidence against the code of ethics of the profession, the

code of obligations of the profession, violations of the internal rules of KICPAA, and generally all violations of any of the rules related to the certified accountants and authorized auditor professions.

The Disciplinary Council may also receive complaints about any serious misconduct by members of KICPAA that affects the dignity of the profession, such as:

- Committing dishonest acts in the presence of third parties;
- Corruption;
- Embezzlement of funds;
- Falsification of various documents with the intention to deceive others;
- Fraud in the presentation of financial statements.

The Disciplinary Council has the authority to receive complaints to rule on any request for cancellation of the decision of the Registration Committee regarding the registration and removal of members from the list of the certified accounts and authorized auditor professions.

Article 8.-

To ensure transparency, correctness, and honesty, all accounting reports of KICPAA must be audited and certified by one (1) authorized principal (សិក្សាកិរក្ស) and one (1) substitute, who shall be appointed from among the members registered in the two professional as stated in Article 9 of this Sub-Decree.

The substitute principal shall act as a substitute for the fully authorized principal in case the latter is unavailable or deceased. The term of the fully authorized principal is one (1) year, which can be renewed at each annual General Assembly if approved.

The function of the authorized auditor is incompatible with the function of a member of the Governing Council of KICPAA.

The authorized principal shall carry out his/her mission and distribute the report to all members of KICPAA at least fifteen (15) days before the date of the annual General Assembly.

The authorized principal shall read his/her report to the General Assembly and certify the correctness of the financial resources of KICPAA for the past accounting period.

The authorized principal shall be released from liability only if the audited and certified accounting report is approved by the annual General Assembly of KICPAA.

Article 9.-

The Committee for Registration of Certified Accountants and Authorized Auditors, as stated in Article 4 of this Sub-Decree, has the authority to establish the table of the certified accounting profession and the table of the authorized auditing profession for individuals practicing as sole practitioners or as firms having the status of certified accountants or authorized auditors, unless there are provisions to the contrary. These two tables are official documents of KICPAA, which are provided free of charge to all members of KICPAA and to public institutions.

Each table must be divided into three (3) sections:

- Section for certified accountants and authorized auditors who are natural person members of KICPAA;
- Section for certified accounting and authorized auditing firms that are members of KICPAA;

- Section for foreign natural and legal persons authorized to practice as certified accountants and authorized auditors under signed agreements with KICPAA.

Chapter 3
Membership of KICPAA

Article 10.-

The different categories of members of KICPAA include:

- Affiliate members
- Active members
- Student members

Affiliate members are all persons who possess university-level qualifications in accounting, business, or finance at a standard level recognized and acceptable by the Committee for Registration of Certified Accountants and Authorized Auditors.

Active members are all affiliate members who fulfil the conditions required to be registered in the professional tables as stated in Article 9 of this Sub-Decree, based on the competence, diplomas, and qualifications of that member to practice the profession.

The provisions of the conditions for granting active member status shall not impede the decision of the Governing Council in accepting any person as an active member whom the Governing Council deems to have sufficient qualifications for this status.

Student members are all persons who have knowledge in accounting and finance and who are deemed sufficient by the Organizing Committee to pursue professional studies or fulfil internships to become certified accountants and/or authorized auditors.

Student members may not practice as certified accountants or authorized auditors. Student members have the right to vote but cannot stand for election.

Article 11.-

The function of a member of KICPAA who is practicing as a certified accountant or authorized auditor is incompatible with any function or activity that may affect the independence of the certified accountant or authorized auditor.

Members of KICPAA are prohibited from having any other salaried occupation apart from a salaried function that is performed in the office of another member of KICPAA or in an auditing and/or accounting firm whose management is a member of KICPAA.

Members of KICPAA may accept forensic accounting assigned by court decisions and/or state institutions to perform the functions of an arbitrator and university professor.

Chapter 4
Professions of
Certified Accountant and Authorized Auditor

Section 1
The Profession of Certified Accountant

Article 12.-

A certified accountant is an independent professional who is not bound by an employment contract with the entity for which he/she performs the duties of:

- Bookkeeping;
- Compiling accounting records;
- Opening entries;
- Closing entries;
- Auditing accounting records;
- Verifying accounting records;
- Evaluating and consolidating accounting records of enterprises and organizations;
- Preparing accounting plans and analyzing financial statements and operating situations of companies according to economic, legal, and financial aspects;
- Reporting in writing on his/her work, including observations, conclusions, and recommendations.

A certified accountant must have the legal capacity to certify the regularity and sincerity of his/her financial statements.

Article 13.-

No person may practice as a certified accountant unless he/she is registered in the table of the accounting profession of KICPAA as stated in Article 9 of this Sub-Decree. Apart from the application of the conditions of the internal rules related to the registration of foreigners as certified accountants, registration in the professional table of KICPAA as a certified accountant must meet the following criteria:

1. Must be of Khmer nationality.
2. Must be at least twenty-five (25) years old as of the date of application for membership in KICPAA.
3. Must have full civil rights.
4. Must not have been convicted of a felony or misdemeanor with a valid criminal record.
5. Must possess a certified accountant diploma or equivalent diploma recognized by the Registration Committee for Certified accountants and Authorized auditors.

Article 14.-

Natural persons and/or legal entities may be registered in the professional table of accounting firms only if they have fulfilled the registration conditions determined by the internal rules of KICPAA. The company's statute must comply with the internal rules of KICPAA.

Article 15.-

Certified accountants whose names are listed in the professional table of KICPAA shall be responsible for their work. Certified accountants must comply with the provisions of applicable laws and regulations, the code of ethics of the profession, and the internal rules of KICPAA.

Certified accountants must have professional liability insurance to cover any liabilities that may arise from their work or activities with third parties.

The direct responsibility of an accounting firm registered in the professional table of KICPAA cannot cover the responsibility of an individual member of KICPAA in representing the accounting firm in which he/she holds shares for the work performed on behalf of the firm and signed in his/her own name and in the name of the firm.

Article 16.-

Members of KICPAA who are certified accountants have the duty to accept trainee accountants and cover the professional training of those trainees under the conditions determined by the internal rules of KICPAA.

Section 2
The Profession of Authorized Auditor

Article 17.-

An authorized auditor is a person who practices the profession in his/her own name and under his/her own responsibility to certify the regularity and sincerity of the financial statements of natural or legal persons for whom the authorized auditor performs the audit in accordance with the provisions of applicable laws or agreements.

Article 18.-

No person may practice as a authorized auditor unless he/she is registered in the table of the statutory auditing profession of KICPAA as stated in Article 9 of this Sub-Decree.

Registration in the professional table of KICPAA as a authorized auditor must comply with the same criteria as those for certified accountants as stated in Article 13 of this Sub-Decree.

Article 19.-

Authorized auditors who are members of KICPAA may establish commercial companies in accordance with the internal rules of KICPAA and applicable laws.

Article 20.-

An Inspection Committee shall be established within KICPAA to supervise the practice of authorized auditors in the areas of independence of work and professional care. The composition, organization, and functioning of this Inspection Committee shall be determined by a Prakas of the Minister of Economy and Finance.

Chapter 5
Transitional Provisions

Article 21.-

The Minister of Economy and Finance shall issue a Prakas appointing one (1) Chairperson, one (1) Vice-Chairperson, one (1) Treasurer, and two (2) additional members for the initial operation of the Governing Council of KICPAA.

Article 22.-

The practice of the certified accounting and/or authorized auditing professions in violation of Articles 9, 13, and 18 of this Sub-Decree shall be punishable in accordance with the provisions of applicable laws.

Chapter 6
Final Provisions

Article 23.-

All provisions contrary to this Sub-Decree shall be considered null and void.

Article 24.-

The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, ministers and secretaries of state of all relevant ministries and institutions shall be responsible for the effective implementation of this Sub-Decree from the date of its signature onward.

Done in Phnom Penh, March 29, 2003

Prime Minister

HUN SEN

Recipients:
- Ministry of the Royal Palace
- General Secretariat of the Senate
- General Secretariat of the National Assembly
- National Audit Authority
- Cabinet of the Prime Minister
- As stated in Article 24
- Archives-Chronology