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Strengthening the Capacity of Professional Accountants and their organizations in financial management.

[UNDERSTANDING COMPLIANCE]

Understanding compliance with international accounting standards, policies, procedures, laws & regulations

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Compliance is one of the key challenges for finance professional.

Why compliance is important? Which procedures, policies, standards, laws and regulation are relevant for the organization and companies? Who should ensure the compliance to those standards in the organization?

As the organization implement the activities in the countries so there is a need to comply with local laws and regulation. In addition to that, organization is driven by donors and head offices by which those stakeholders require the organization to comply with certain international accounting standards for examples IFRS, other requirements as well as the internal accounting policies.

The accounting professional need to have a copy of these standards and policies and laws to be able to ensure consistency compliance.

Who responsible for ensuring the compliance?

In most organization without internal audit department or compliance department, the finance department needs to ensure these compliance. However, in some cases an organization may have Compliance department to ensure such compliance.

Compliance function's mission is to provide independent, objective assurance and consulting services to help Board of Directors, management, employees and partners to pursue its mission.

It is committed to:

- Carry out a systematic disciplined approach to **review** and **evaluate** compliance issues/concerns of ORGANIZATION and its partners;
- **Ensure** that day-to-day operations of ORGANIZATION and its partners comply with internal policies and procedures, donors' requirements, and applicable rules and regulations.
- **Offer relevant recommendations** that are significant to enable Board of Directors, management, employees and partners of ORGANIZATION to have informed and to strategize how best to comply with those internal policies and procedures, donors' requirements, and applicable rules and regulations;
- Capacity building through compliance counseling, training, coaching to **improve** compliance;
- Share relevant information, experiences and learning within the organization and its partners.

This mission statement is anchored on ORGANIZATION Mission Statement and Core Values.



Role, Responsibility, and Authority

1. Role of Compliance Function

The role of ORGANIZATION Compliance Function are set forth as following:

- In line with the strategic directions of the organization, it shall provide and perform services to **assure** that funds have been used for the purposes for which they were provided.
- It shall **review and evaluate** compliance issues/concerns of ORGANIZATION and its partners to **ensure** that day-to-day operations comply with internal policies and procedures, donors' requirements, and applicable rules and regulations and **recommend corrections, improvements with good standards of accountability** appropriate to on-going development processes.
- It shall **provide capacity building** to ORGANIZATION's staff and partners through compliance counseling, training, and coaching to **improve** compliance.
- The organization believes that the role of the compliance function can become more effective and relevant when adapted to the needs and understanding of ORGANIZATION and its partners. This knowledge and understanding should lead them to develop and exercise their skills and potentials and become faithful stewards of the resources entrusted to them.

2. Responsibility of Compliance Function

The ORGANIZATION compliance function is responsible to:

- a. Manage Organization's Internal Compliance Program
 - Functioning as an independent and objective entity within KKHAN, **review and evaluate compliance issues/concerns within the organization.**
 - Review new funding agreements and amendments and ensure all regulations are reflected in ORGANIZATION's policies and procedures.
 - Educate staff about regulations that affect their area of work and help them to strategize how best to comply with them.



- Periodically audit departmental procedures and practices **to ensure day- to- day actions comply with regulations.**
 - Negotiate with donors in the event that conflicts arise between the compliance requirements of different donors.
 - In the case of major compliance issues that may affect the operations of ORGANIZATION, summarize the issue and provide a recommendation to the Senior Management Team for risk analysis, decision-making, and possible referral to the Board.
- b. Monitor Partner Compliance
- Provide training and job aids to partners to support their compliance efforts.
 - Periodically audit the policies, procedures and practices of partners to ensure compliance.
 - Provide coaching to partners on methods to improve compliance.
 - Participate in investigations of misconduct.
 - Coordinate contact with partners through the appropriate program officers.
- c. General
- Serve as a member of the Procurement Committee.
 - Contribute to the development of annual work plans.
 - Participate in scheduled meetings of the Finance and Administration team and other teams as assigned.
 - Contribute to the development of conference presentations, ORGANIZATION publications and journal articles.
 - Provide assistance to other Project Teams and colleagues at ORGANIZATION when and where appropriate.
 - Represent ORGANIZATION in official meetings as requested by the Director: Finance and Administration
 - Perform other related tasks as assigned.

3. Authority of Compliance Function

The Compliance function is authorized to direct a comprehensive program of compliance activities within the organization to achieve its objectives. In performing these activities, **the members of the compliance team are authorized to have free and unrestricted access to all ORGANIZATION and its partners'**



activities, records, property and personnel. The compliance team will exercise discretion and ensure the safekeeping and confidentiality of all matters.

For the compliance function to be effective, it must attain a practical degree of independence - independence that will protect the function from having to compromise its objectives.

All requests for investigation of misconduct will be directed to the Executive Director.

Status of Compliance

ORGANIZATION compliance function will report to Finance and Admin Director.

Compliance Scope and Frequency

The scope and frequency of the reviewing the compliance issues will be in accordance with ORGANIZATION internal guidelines.

Performance Standards

Compliance function will be performed in accordance with internal policies of ORGANIZATION, donor's requirements, applicable laws and regulations, and Code of Ethics established by compliance function.

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