



ក្រសួងមហាផ្ទៃ

គម្រោងលើកកម្ពស់ជីវភាពប្រជាជនក្រីក្រ (លាភ)

Livelihood Enhancement & Association of the Poor (LEAP)

IDA Credit No. 5960-KH



WORLD BANK GROUP

លេខ :

KPMG Cambodia Ltd
4th Floor, Delano Centre
No. 144, Street 169
Sangkat Veal Vong
Khan 7 Makara, Phnom Penh
Kingdom of Cambodia

Dear Sirs,

This representation letter is provided in connection with your audit of the financial statements of the Livelihood Enhancement and Association of the Poor Project ("the Project") under the Financing Agreement Credit No. 5960 – KH funded by the International Development Association ("IDA") and Royal Government of Cambodia ("RGC"), and implemented by the Ministry of Interior ("the Executing Agency" or "EA" or "Mol"), which comprises the statement of financial position as at 31 December 2019, the statement of sources of funds and expenditures, and the statement of designated accounts for year ended 31 December 2019, for the purpose of expressing an opinion as to whether the financial statement are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements.

We confirm that the representations we make in this letter are in accordance with the definitions set out in the Appendix B to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

1. We have fulfilled our responsibilities, as set out in the terms of the contract for consultant signed between the Ministry of Economy and Finance, and KPMG Cambodia Ltd dated 7 June 2017 and the Amendment No. 2 dated 9 April 2020, for the purpose of expressing an opinion as to whether the financial statements are prepared, in all material respects, in accordance with the basis of accounting and the accounting policies described in Note 2 to the financial statements.
2. There have been no events subsequent to the date of the financial statements and for which require adjustment of or disclosure in the financial statements.
3. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the Project from whom you determined it necessary to obtain audit evidence.

4. All transactions have been recorded in the accounting records and are reflected in the financial statements.
5. We have made available to you all books of account and supporting documentation and all minutes of meeting of the management (as described in Appendix A to the letter) and other supervisory bodies. The minutes as recorded in the minutes meeting described above are true and correct record of all Project translated at meetings of the Management of the project from the date of previous representation letter through the date of this letter.
6. We acknowledge our responsibility for such internal control as we determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, we acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

Included in the Appendix B to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

7. There have been no instances of fraud or suspected fraud that we are aware of and that affects the Project and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.

There have been no allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

8. There have been no known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. Further, we have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. There have been no communications from regulatory agencies, governmental representatives, tax authorities' employees or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices or other matters that could have a material adverse effect on the financial statements.
10. There are no:
 - Other liabilities that are required to be recognised and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements including liabilities or contingent liabilities arising from illegal or possible illegal acts; or
 - Other environmental matters that may have an impact on the financial statements.

11. We have disclosed to you the identity of the Project's related parties and all the related parties' relationships and transactions of which we are aware and all related parties' relationships and transactions have been appropriately accounted for and disclosed.

Included in the Appendix B to this letter are the definitions of both a related party and a related party transaction as we understand them.

12. The Project has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, for example grant covenants.
13. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.
14. The Project has satisfactory title to all assets.
15. We have recorded and appropriately disclosed in the financial statements and we are not aware of any matters, other than as specifically disclosed to you, where the Project is, or may be, in dispute with the fiscal authorities.

Yours truly,



H.E. Prak SamOeun
Project Director
Ministry of Interior



Heng Sophat
Project Manager
Ministry of Interior

Phnom Penh, Kingdom of Cambodia

Date: June 30, 2020

**Appendix A to the Management Representative Letter of
Livelihood Enhancement and Association of the Poor Project**

Credit No. 5960 – KH

List of the minutes of meeting of Management

The following is a complete list of the minutes of meeting of Management of the Project from date of previous representative letter through the date of this letter:

Meeting of Management:

No	Type of Meeting	Date of Meeting
1	Aide Memoire	17 - 25 June 2019
2	Aide Memoire	20 November - 5 December 2019

**Appendix B to the Management Representation Letter of
Livelihood Enhancement and Association of the Poor Project
Credit No. 5960 – KH**

Definitions

Statement

A complete set of financial statements comprises:

- Statement of financial position as at 31 December 2019
- Statement of sources of funds and expenditure for year then ended
- Statement of designated account for year then ended
- Notes, comprising significant accounting policies and other explanatory information.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

CISA 1.7 and CISA 8.5 state the following:

Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of the Project's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in statement, including the omission of an amount or a disclosure. (IFAC Glossary of Terms)

Prior period errors are omissions from, and misstatements in, the Project's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when statement for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Related party and related party transaction

Related party - A party is related to an entity if:

- a) directly, or indirectly through one or more intermediaries, the party:
 - (i) controls, is controlled by, or is under common control with, the entity;
 - (ii) has an interest in the entity that gives it significant influence over the entity; or
 - (iii) has joint control over the entity;
- b) the party is a member of the key management personnel of the entity or a controlling party identified in (a);
- c) the party is a close member of the family of any individual referred to in (a) or (b); or
- d) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

Related party transaction - A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.