



2018

INTERNAL CONTROLS POLICY

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Introduction

Internal Controls: - *A set of rules, procedures and practices developed and employed to facilitate the safeguarding of an entity's assets be they liquid (cash or investments) or fixed (infrastructure or equipment) or intangible (credit rating or information).*

The importance of internal control to an organization is determined by the level that its resources are directed, monitored, and measured. Resources include staff time and effort to protect all other resources through monitoring and measurement including steps to prevent and detect fraud.

The goals and objectives of this Internal Controls Policy are to protect public assets and to foster reliance on public information for decision making purposes at all levels both internally and externally.

At the **organizational level**, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations.

At the specific **transaction level**, internal control refers to the actions taken to achieve a specific objective (e.g., how to ensure the organization's payments to third parties are for valid services rendered). Internal control procedures reduce process variation (inconsistency), leading to more predictable outcomes.

Internal controls rely heavily on segregation of duties, which continue to be the core of establishing good internal controls. Accounting professionals have broadened the definition of internal controls to include establishing a control environment, risk assessment, the flow of information and communication, and monitoring.

Internal Controls should be an integral part of any organization's financial and business policies and procedures. Internal controls consist of all the measures taken by the organization for the purpose of:

- . protecting its resources against waste, fraud, and inefficiency,
- . ensuring accuracy and reliability in accounting and operating data,
- . securing compliance with the policies of the organization, and
- . evaluating the level of performance in all organizational units.

Roles and Responsibilities

All personnel should be responsible for communicating upward in the organization problems in:

- . operations,
- . noncompliance with the code of ethics,
- . other policy or procedural violations, and
- . illegal actions.

Everyone within the Company has some role in internal controls. The roles vary depending upon the level of responsibility and the nature of involvement by the individual.

The Managing Director, CHAMPA PRIVATE ENTERPRISE, Administrator and Department Heads establish the presence of integrity, ethics, competence and a positive control environment.

The Administrator and department heads have oversight responsibility for internal controls within their units.

Managers and supervisory personnel are responsible for executing control policies and procedures at the detail level within their specific unit.

Each individual within a unit is to be cognizant of proper internal control procedures associated with their specific job responsibilities.

Control Environment

Contract Terms

The contract terms you have with various vendors or clients affect how and when they are required to pay you. If your company allows lines of credit for customers, the terms of when and how they will pay for the credit also have a role in the accounts receivable department. Your company must abide by the contract and credit terms already established with your customers. If a customer has extended payment terms, you lose some control of how quickly you are paid.

Employee Accuracy

The accuracy of employees working in the accounts receivable department also affects the control over the company's finances. Employees who make errors in invoices, ledgers and other accounts receivable paperwork make it more difficult to control the financial information for the company. Invoices sent out with incorrect information force you either to accept the incorrect information or ask your customers for more money. To keep accurate records, train your employees to follow exact procedures in the accounts receivable department.

Work Methods

The work methods used in accounts receivable also affect the level of control you maintain. Many companies use software programs to manage financial information. If your software automatically sends invoices or transfers numbers from the ledgers to other reports and databases, you have less control over those entries. An error made on one entry can translate into multiple errors throughout the system. The physical environment is another consideration. An unlocked accounts receivable department without physical safety procedures leaves little control over the company's financial information. If possible, keep the accounts receivable information in a locked area with password protection on all computers used in the department.

Customer Relationships

The relationships you establish with your customers affect the amount of control you have over the accounts receivable department. If you run an efficient accounts receivable department, your customers come to expect that they need to pay on time. If your company is lax with your payment expectations, you may find you have less control over the money flow. Customers may push the limits to avoid paying their bills in a timely manner. To have the greatest control over the company's cash flow, show your customers that you expect payments on time with your specific policies in mind.

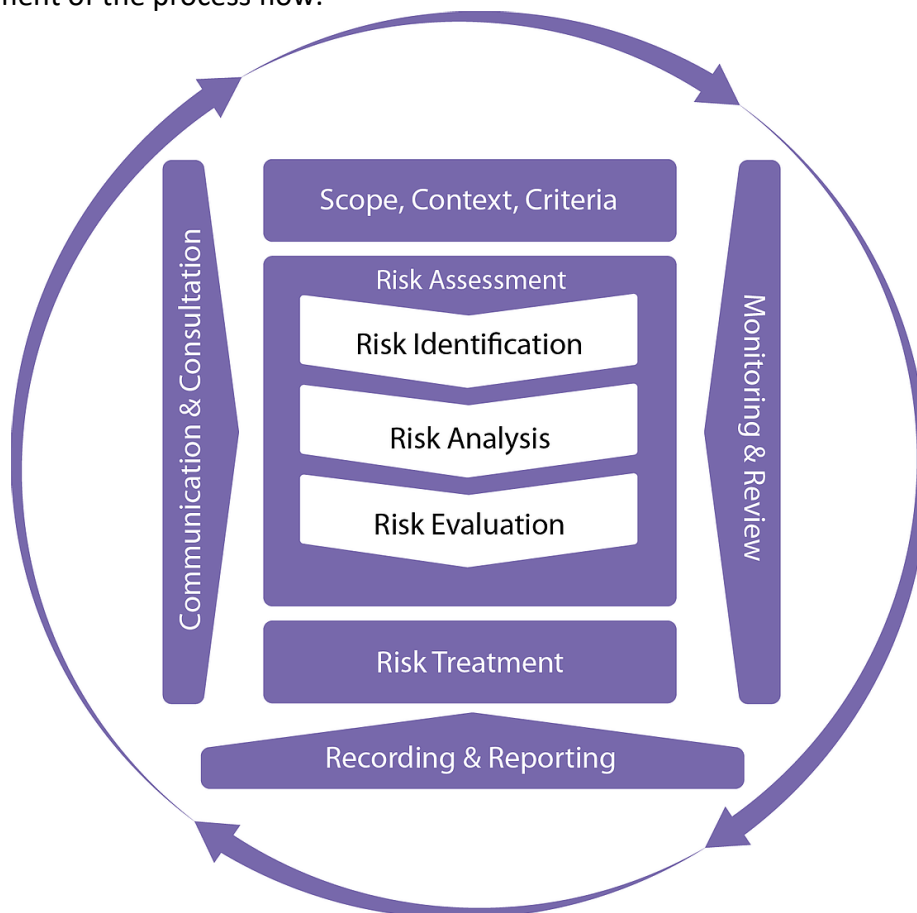
Risk Assessment

Risk Management All Board members and staff contribute to the establishment and implementation of risk management systems for all functions and activities of Champa Private Enterprise.

The process of managing risk at Champa involves:

- establishing the context associated with the program goals and activities;
- identifying the risks (including identifying the likelihood and consequences associated with each risk);
- analyzing the risks;
- assessing and prioritizing the risks;
- treating the risks (including a cost/benefit analysis of the treatment options); and
- continually monitoring and reviewing the risks and treatments

This is illustrated below responsibilities for each step are shown by the lines entering and leaving the respective element of the process flow.



Control Activities

Segregation of Duties:

Duties are divided among different employees to reduce the risk of error or inappropriate actions. For example, responsibilities for receiving cash or checks, preparing the deposit, and reconciling the deposit should be separated.

Authorization and Approval:

Transactions should be authorized and approved to help ensure the activity is consistent with departmental or institutional goals and objectives. For example, a department may have a policy that all purchase requisitions and invoice vouchers must be approved by the director. It is important that the person who approves transactions have the authority to do so and the necessary knowledge to make informed decisions.

Reconciliation and Review:

Performance reviews of specific functions or activities may focus on compliance, financial, or operational issues. Reconciliation involves cross-checking transactions or records of activity to ensure that the information reported is accurate. For example, revenue and expense activity recorded on accounting reports should be reconciled or compared to supporting documents to ensure that the transactions are recorded in the correct account and for the right amount.

Physical Security:

Equipment, inventories, cash, checks, and other assets should be physically secured and periodically counted and compared with amounts shown on control records. For example, the periodic confirmation of equipment by individual departments is a physical security control.

Information & Communication

At CHAMPA PRIVATE ENTERPRISE courtesy, tact and consideration should guide each employee in relationships with fellow workers and the public. It is mandatory that each employee in this organization show maximum respect to every other person in the organization and other contacts in a business context. The purpose of communication should be to help others and to make our business run as effectively as possible, thereby gaining the respect of our colleagues and customers.

- Courtesy, friskiness, and a spirit of helpfulness are important and guide the company's dealings with employees and customers.
- Differences of opinion should be handled privately and discreetly. Gossip and backbiting are to be avoided. Communicate directly with the person or persons involved to resolve differences.
- Conservative criticism — that which will improve business by clarifying or instructing — should be welcomed when delivered with respect and tact. Destructive criticism — that which is designed to harm business or another person — is not to be practiced.
- Employees should strive to maintain a civil work atmosphere at all times and refrain from shouting, yelling, using vulgarities or swearing at co-workers or customers

The standard of CHAMPA PRIVATE ENTERPRISE is a work environment free from disparaging remarks about religion, ethnicity, sexual preferences, appearance and other non-work related matters. Each employee has the responsibility to foster an understanding of others' differences in order to create an environment where those differences contribute to a better organization. Inappropriate remarks based on any of the following are not tolerated and such behavior will result in immediate termination of employment: race, religion, ethnic origin, physical attributes, mental or physical disability, color, ancestry, marital status, pregnancy, medical condition, citizenship and/or age. Inappropriate remarks include those that treat a group of people in a uniform way, assign a behavior in a disparaging way, imply inferiority of a group, are supposedly funny at someone else's expense, and/or cause embarrassment or distress to others based on comments about a particular group of people.

Monitoring Activities:

It is the policy of CHAMPA PRIVATE ENTERPRISE to make reasonable efforts to provide for the security of its property, its employees, its customers and authorized visitors to its premises, and to safeguard the assets and liabilities of the organization. Accordingly, in order to safeguard the person and property of our employees, our customers, and CHAMPA PRIVATE ENTERPRISE, CHAMPA reserves the right to conduct searches, and perform surveillance for legitimate, business-related reasons, and/or for cause, of all CHAMPA PRIVATE ENTERPRISE property; and to inspect personal property on company premises. Searches and surveillance may be conducted in order to detect, document and report violations of law, policy and procedure, as well as to provide a major deterrent against such violations. The searches may include but not be limited to any employee's office, desk, file cabinet, closet, locker, computer files, or similar places.

Electronic communication in the workplace has overtaken business communications. Instead of the phone ringing, employees and customers communicate via email, text, and instant messaging. Voice mail still has a place, but its prominence is receding. With all of this electronic communication and use of the internet.



Approved By:



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Thank you!

