

MICROFINANCE ASSOCIATION

REPORT ON COMPLIANCE AND INTERNAL CONTROL
FOR THE PERIOD FROM 1st JANUARY.2015 TO 31st DECEMBER 2015

ບ້ານ ຈັນສະຫວ່າງ, ໜ່ວຍ 063, ເມືອງສີໂຄດຕະບອງ ນະຄອນຫຼວງວຽງຈັນ

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I. MANAGEMENT LETTER

A.A.C.A

ບໍລິສັດ ແອກສິວຣະຊີ ບໍລິການບັນຊີ ແລະ ກວດສອບ ຈຳກັດຜູ້ດຽວ
Accuracy Accounting Consultancy & Auditing Services Co., Ltd

22nd February 2016

Attn:

Ms. Pamouane Phetthany
Executive Director of MFA
Simuong Village, Sisattanak District
Vientiane Capital, Lao PDR
Tel: (856-21) 226 018

Ref.: MANAGEMENT LETTER

For the period, 1st January 2015 to 31st December 2015

Dear Ms. Pamouane,

We have now completed our audit of financial statement for the, Microfinance Association (“the MFA”), for the period from 1st January 2015 to 31st December 2015, of which during this time, we examined certain aspects of the Project’s systems of internal control and its accounting systems. Accompanying this letter is a management letter outlining a number of recommendations of possible ways in which the “systems” of the project could be improved to overcome weaknesses, which observed during the auditing in the MFA premise office.

We hope that you find our comments helpful. It should be appreciated if these matters came to our attention during the conduct of our normal audit procedures, which are designed primarily to enable us to express and opinion on the Project’s Financial Statement and Cash & Bank Project Account Statement. We noted 2 matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. These material weaknesses are findings 2 matters, which need to be addressed by MFA.

Our findings and recommendations have been set out in the report. These have been discussed with Ms. Pamouane Phetthany, Executive Director of MFA, Mrs. Phayvanh Saleumsouk, Knowledge Management/Administrative Officer and Miss Soulinda Rattanavong, Accountant, and their comments have been incorporated into the text.

Finally, we would like to take this opportunity to express our appreciation or the courtesy and assistance of which we received from the management and staff of MFA office during the course of our work.

Yours sincerely,



Saisana SISOUATH
Director of AACA Co., Ltd

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II. FINDINGS ARISING AND RECOMMENDATION FOR IMPROVEMENT

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1. MFA did not prepare the trial balance six columns

Findings

We found that year financial statement MFA 2015 has been prepared but the trial balance export from Accounting Software (QuickBooks) was showing the yearly movement.

Risks

This is not conformity with the International Financial Statement Report of International Federation Accounting Committee. MFA could not check the opening balance and remaining balance to date.

Recommendations

MFA's management should ask Accounting Software (QuickBooks) Expert to customize the trial balance six columns.

Management's response

The Management agrees with this recommendation and will contact software expert of Quickbooks within 1st quarter 2016.

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**2. MFA paid over 2 US\$ for Scholarship from Asia Pacific
year 2015**

Findings

MFA received money 268 US\$ from Asia Pacific for Scholarship year 2015. This amount is not including bank charge 2 US\$ but MFA has been paid for Scholarship full amount 268 US\$ without deduction bank charge amount 2 US\$ and not recording 2 US\$ into expenses.

Risks

MFA lost money 2 US\$ for bank charge. The closing balance is not matched with the physical count as of 31/12/2015.

Recommendations

MFA's management should claim money from Scholarship year 2015.

Management's response

MFA claimed from DTMFI Sayaisamphan in February 2016.