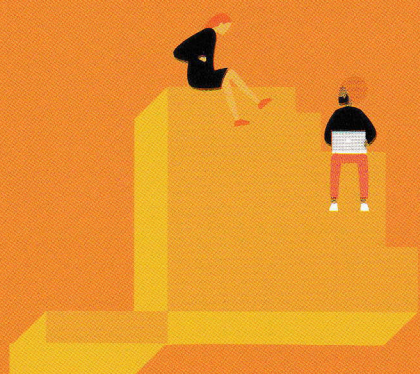


**MEKONG INSTITUTE**



**MANAGEMENT LETTER  
FOR THE YEAR ENDED 31 DECEMBER 2022**







Date: 25 May 2023

Mr Suriyan Vichitlekarn  
Executive Director  
Mekong Institute  
123 Mekong Institute, Khon Kaen University  
Mittraphap Road, Mueang Khon Kaen District  
Khon Kaen 40002, Thailand

Mr Suriyan Vichitlekarn

### **Management Letter for the year ended 31 December 2022**

We're pleased to let you know that we've completed our audit of the Mekong Institute for the financial year ended 31 December 2022 as set out in our engagement letter dated 23 August 2022.

#### **Audit scope**

As detailed in our letter of engagement, we concentrated only on areas in the financial statements where there is a risk of material misstatement to reach our opinion cost-effectively. Our procedures are designed for us to form an audit opinion on the financial statements as a whole, so issues discussed in this report are only those that we believe need to be brought to your attention. This approach means that we can't be held responsible for reporting all your business risks or internal control deficiencies. Please note that maintaining an adequate system of internal control is the responsibility of your management.

#### **Contents of this report**

We've outlined the matters we found during our audit in the enclosed report, along with our recommendations. Each point was discussed with management and their responses are included.

#### **Use of this report**

Please note that our report was prepared solely for the use of the Mekong Institute management and shouldn't be made available to third parties. If a third party obtains a copy without our written consent, we will not accept responsibility for any reliance they may place on it.

Finally, we'd like to thank you for your assistance and cooperation during the audit.



Kindly sign and date the acknowledgement copy of this letter in the space provided and return it to us as soon as possible.

If you have any questions or would like to discuss another engagement, please contact me on 0085621 222718-719.

Sincerely



By Sunya Rattanaivibull  
Director

Vientiane Capital, Lao PDR



Acknowledgement Copy

Received by

Signed

A handwritten signature in blue ink, appearing to read "S. V. K. L.", written over a horizontal line.

Name in print

SURIYAN VICHITLEKARN

Date

25 MAY 2023



**MEKONG INSTITUTE**

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**Priority rating key**

High	Medium	Low
A significant weakness that could compromise internal control and/or operational efficiencies and may result in significant financial and/or reputational loss. This should be addressed as a matter of urgency.	A key control weakness that can undermine the system of internal controls and/or operational efficiencies, and should be addressed in the medium term, but at a lower priority than High.	A weakness that does not seriously detract from the system of internal controls and/or operational efficiencies but should be addressed for improvement in the medium to longer term.

**I. Current year findings**  
**1. Long outstanding of account receivables**

Findings	Recommendations	Priority	Management response
<p><b>1.1 No allowance for doubtful long-outstanding accounts receivable</b> PwC tested accounts receivable as part of its audit and found that there were long outstanding receivables since 2019 totalling USD14,058 for the following activity: 'MLC Training Program on Project Management and Sectoral Development of Key Priority Areas'.</p> <p><b>Implications</b></p> <ul style="list-style-type: none"> <li>• Accounts receivable may not be recoverable.</li> <li>• The accounts receivable balance may be overstated in the financial statements as there's no allowance for doubtful accounts.</li> </ul>	<p>Communicate and make a final decision with the receivables party on whether the receivables will be recoverable or should be considered as bad debt.</p> <p>Compute a provision for doubtful accounts. Record and report it to management for their consideration and acknowledgment.</p>	Medium	<p><b>Response:</b> Finance will promptly engage with the program manager who is responsible for the matter to follow the accounts receivable balance before recording it in the accounting system, as advised by the auditor</p> <p><b>Responsible party:</b> Ms.Phinyada Foytong (Finance Manager)</p> <p><b>Estimated completion date:</b> June 2023</p>



MEKONG INSTITUTE

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- I. Current year findings
- 2. Project expenses

Findings	Recommendations	Priority	Management response
<p><b>2.1 Late advance clearance</b> According to the Operations Manual, all advances should be cleared within ten working days from the date on which the related activity is completed.</p> <p>We found that there were certain advances that weren't cleared within the prescribed period. Please refer to Appendix 1.</p> <p><b>Implications</b> If advances aren't cleared promptly, there's a risk that the remaining cash might not be recovered or that advances will be misappropriated. This might compromise the achievement of the Mekong Institute's objectives.</p>	<p>Strictly monitor long outstanding advances and assign an independent person as the head of each unit to investigate any problems and resolve them promptly. If possible, simplify the advance process while making sure it still complies with the Mekong Institute's guidelines.</p>	<p>Medium</p>	<p><b>Response:</b> The Finance Unit will develop a cash advance clearance control system that will be implemented for all MI staff to prevent delays in the clearance of advances, such as the auto reminder, and weekly report of the outstanding advance. Reporting to the supervisor.</p> <p><b>Responsible party:</b> Ms.Arurung (Project Finance Officer)</p> <p><b>Estimated completion date:</b> June 2023</p>

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**II. Follow-up on previous year findings**

Unresolved from previous year		Priority	Reference
1	Late advance clearance	Medium	Not yet resolved. See finding 2.1 above.

**III. Appendix 1: Late advance clearance**

	DT doc JV No.	DT date	DT account code	DT account name	DT project code	DT description	DT account type	Country	DT base (USD)
1	2022 / JE: 556	31/Oct/2022	530201	Supplies and service	A4-MKCFB2-01	Course material and stationery (No.25 KRW3,180,000)	Debit	KOR	2,650.00